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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

line book

HEARINGS
BEFORE THE
SELECT COMMITTEE
ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD
EIGHTY-FIFTH CONGRESS
SECOND SESSION
AND
EIGHTY-SIXTH CONGRESS
FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS
AND SENATE RESOLUTION 44, 86TH CONGRESS

DECEMBER 4 AND 9, 1958; FEBRUARY 10, 11, 12, 13, 17, AND 18, 1959

PART 46

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Labor or Management Field



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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, DECEMBER 4, 1958

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10 a.m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in the caucus room, Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.

Present: Senators John L. McClellan, Democrat, Arkansas, and John F. Kennedy, Democrat, Massachusetts.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; Arthur G. Kaplan, assistant counsel; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session were Senators McClellan and Kennedy.)

The CHAIRMAN. Call your first witness.

Mr. KENNEDY. Frank Cammarata.

The CHAIRMAN. Will you be sworn? You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAMMARATA. I do.

TESTIMONY OF FRANK CAMMARATA

The CHAIRMAN. The Chair will make this brief statement. This testimony will be related to a subject matter that will be involved in the next series of committee hearings as now planned. This witness would not be available at a later date, and for that reason we are taking his testimony at this time. Further explanation of it will be made possibly at the conclusion of his testimony.

State your name, your place of residence, and your business or occupation, please, sir.

Mr. CAMMARATA. I refuse to answer on the ground——

The CHAIRMAN. Will you pull the microphone in front of you, please? It is difficult to hear.

Mr. CAMMARATA. I refuse to answer on the ground I might incriminate myself.

The CHAIRMAN. What is your name?

Mr. CAMMARATA. Frank Cammarata.

The CHAIRMAN. Thank you. Where do you live?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. You are ordered and directed to answer the question. Where do you live?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. Where is it?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. Do you wish counsel? Do you desire to have an attorney present to represent you when you testify? Will you speak up? Do you?

Again I ask you, do you desire counsel to represent you?

Mr. CAMMARATA. I have no counsel.

The CHAIRMAN. That was not the question. Have you undertaken to arrange for counsel since you were notified or subpoenaed to be before the committee?

Are you shaking your head, or what are you doing?

Mr. CAMMARATA. I refuse to answer any questions.

The CHAIRMAN. The witness refuses to answer the question.

Mr. CAMMARATA. On the ground it might incriminate myself.

The CHAIRMAN. All right. The question is, did you desire counsel, and your answer to that, as I understand, is you refuse to answer on the ground it might tend to incriminate you; is that correct?

Mr. CAMMARATA. Yes, sir.

The CHAIRMAN. That is correct, then. All right, the Chair asks you then, have you undertaken to arrange for counsel since you were subpoenaed to be before this committee?

Mr. CAMMARATA. I cannot afford to have any counsel.

The CHAIRMAN. You can't afford to have any counsel?

What is the date of the subpoena? Let the subpoena served on the witness be placed in the record at this point, with the return thereon. (The subpoena referred to follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

To FRANK CAMMARATA, *Detroit, Michigan, Greeting:*

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, on December 1, 1958, at 10 a.m., at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee.

HEREOF FAIL NOT, as you will answer your default under the pains and penalties in such cases made and provided.

To Edward M. Jones, to serve and return.

GIVEN under my hand, by order of the committee, this 15th day of November, in the year of our Lord one thousand nine hundred and fifty-eight.

(Signed) JOHN L. McCLELLAN,

Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

(Service:)

NOVEMBER 24, 1958.

I made service of the within subpoena by personal service the within-named Frank Cammarata, at 3770 East Jefferson, Detroit, Mich. (Office of the District Director Walter A. Sahli) Immigration and Naturalization Service, at 3 p.m., on the 24th day of November 1958.

(Signed) EDWARD M. JONES.

The CHAIRMAN. Why can't you afford to have any counsel?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. Let the record so show. Then we will proceed. What is your occupation or business?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. You are ordered and directed to answer the question.

Mr. CAMMARATA. I might incriminate myself.

The CHAIRMAN. I didn't understand you. What is your occupation or business?

Mr. CAMMARATA. I refuse to answer on the ground that I might incriminate myself.

The CHAIRMAN. On the ground you might incriminate yourself? I am trying to be helpful, and I want to get the record clear.

Mr. CAMMARATA. I can't think of the English.

The CHAIRMAN. That is all right. The Chair is trying to help you make your statement as you want to make it. I am not trying to trip you. I am trying to make the record clear.

As I understand you, you refuse to answer the question as to your business or occupation on the ground that it might tend to incriminate you.

Mr. CAMMARATA. Under the fifth amendment.

The CHAIRMAN. And the fifth amendment?

Mr. CAMMARATA. Yes, sir.

The CHAIRMAN. All right, we have them both in there now, if there is any difference.

Proceed, Mr. Kennedy.

Mr. KENNEDY. What has been your source of income, Mr. Cammarata, over the period of the past 4 years?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. On what grounds?

Mr. CAMMARATA. It might incriminate myself, under the fifth amendment.

Mr. KENNEDY. Mr. Cammarata, you have been in this country at least since 1922, because you were arrested for armed robbery in 1922 in Detroit, Mich. I have had a conversation with you downstairs in which you understood me very well, and your accent was much better. You hardly had any accent at that time.

Now, could you tell us why you are not able to understand these questions, and why you have such an accent when you are appearing before this committee?

Mr. CAMMARATA. I refuse to answer on the ground of the fifth amendment.

Mr. KENNEDY. It is all an act you are putting on, is it not, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. On what ground?

Mr. CAMMARATA. On the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. As far as not being able to afford an attorney, you have plenty of money, do you not, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. You built a house for yourself out in Ohio in 1954 during the period of time you yourself were in Jackson State Penitentiary in Michigan.

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. And then you bought a brandnew 1957 Ford at the end of 1957, while you were in the Jackson State Penitentiary. Where did you get the money for that?

Mr. CAMMARATA. I refuse to answer on the ground that it might incriminate myself.

Mr. KENNEDY. Mr. Chairman, as you pointed out at the beginning, this witness is being called in connection with the jukebox operation and vending machines, and as he is not giving us too much information, I would like to call a member of the staff to give a little of Mr. Cammarata's background, and his connections with the vending machine operation, and then perhaps we can predicate some questions based on that.

The CHAIRMAN. All right, come around.

Mr. KENNEDY. Mr. Kaplan.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KAPLAN. I do.

TESTIMONY OF ARTHUR G. KAPLAN

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. KAPLAN. My name is Arthur Kaplan. I reside in Portland, Oreg., and I am an assistant counsel to this committee.

The CHAIRMAN. Have you made an investigation and participated in an investigation of the jukebox and vending machine industry?

Mr. KAPLAN. Yes, sir; I have.

The CHAIRMAN. In the course of that investigation, have you contacted this witness, Mr. Cammarata?

Mr. KAPLAN. Yes, sir; we have.

The CHAIRMAN. Have you made other investigations with respect to his participation in the operation, directly or indirectly, of the industry of jukeboxes and vending machines?

Mr. KAPLAN. Yes, sir; we have.

The CHAIRMAN. And also with respect to the infiltration of that industry by elements that operated in an improper manner?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. In the course of that investigation, have you also found some elements of labor or labor representatives that have participated in the organization or operation of that industry in certain areas?

Mr. KAPLAN. Very clearly, sir, yes.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Kaplan will testify just on Mr. Frank Cammarata. When we later get into this investigation, he will have more detailed information.

The CHAIRMAN. The Chair was just laying a background for the interrogation of Mr. Kaplan, and also the witness, Mr. Cammarata.

Mr. KENNEDY. We will go into more detail on the operation of the industry.

But now, Mr. Kaplan, would you give us the information that you have regarding Mr. Cammarata's association with the coin-operated machines.

Mr. KAPLAN. Yes, sir. If I might just sketch a little of the background—while we were investigating in Detroit, we discovered that there, as in some other places, certain distributors of jukeboxes were having a great deal of trouble in selling their machines.

The CHAIRMAN. That is, the manufacturer or the distributor of the boxes was having trouble making sales?

Mr. KAPLAN. Yes, sir, the distributor of the box, who had the franchise for the Detroit area. The same distributor also had the franchise for the Ohio area.

Mr. KENNEDY. What was the name of this?

Mr. KAPLAN. Music Systems, Inc.

Mr. KENNEDY. What kind of boxes did they distribute?

Mr. KAPLAN. They were distributing the Seeberg phonograph; coin-operated phonograph. This took place at a time when Seeberg recently put out a model that was quite radical in the industry because it had a 100-record machine, which was a substantial departure, and even from the fact this would have been a more attractive model was the fact that the company was just selling nothing above and beyond any normal degree of competition with anybody else.

In running this down, we found that this was because one of the competing distributors, a franchise distributor for another brand of jukebox seemed to be favored, and we found that the union in Detroit had told many of the operators who would buy these boxes from the Music Systems distributor, that they should not buy these music boxes.

The CHAIRMAN. What union is that?

Mr. KAPLAN. That was local 985 of the Teamsters, sir.

Mr. KENNEDY. Headed by whom at that time?

Mr. KAPLAN. William Bufalino was actually the business manager at the time, and Jimmy James, who was also before the committee, was still the titular president, but had no active direction of it for quite a period of time.

Mr. KENNEDY. What was the name of the company that the Teamsters were favoring?

Mr. KAPLAN. They were favoring the Wurlitzer distributor, which at that time was the Angott Distributing Co.

Mr. KENNEDY. Where is that?

Mr. KAPLAN. In Detroit, Mich.

Mr. KENNEDY. All right. Will you continue.

Mr. KAPLAN. We found that in an effort to break this blockade of new machines, that the Music Systems, Inc., attempted to subsidize a competing union, so that if they put out their own operation or whip company in order to force customers to buy just because they had then set up their own company that would distribute in competition with the operators who were not buying, at least that would get their machine out on the street.

They brought up the next CIO official and had an independent union chartered in the State of Michigan.

Mr. KENNEDY. The company itself did?

Mr. KAPLAN. Well——

Mr. KENNEDY. The principals of the company arranged this?

Mr. KAPLAN. They arranged this, yes. They did this so that they, too, would then be able to put a union sticker on the jukebox which would be placed in this tavern or restaurant or wherever the location of it was, so that local 985 could not then come in and picket it as being nonunion.

This man came up from Ohio and formed the union.

Mr. KENNEDY. Who was that?

Mr. KAPLAN. That was a man named Edward Duck.

When he was working to form this union in Detroit, however, he used the name of Parker, and he testified then when he was interviewed by the police, and he has since told us, that he did this in order to protect his family, because he realized that Detroit was a rough town, and he didn't want any reprisals against his family.

He was able to get several operators who were unhappy about the control of the industry or of the business there by local 985, and the people affiliated with it, and I think at their second or third meeting, which was being held at the hotel at which Mr. Duck was staying, when they came into that meeting that evening they found several people who were very obviously hoodlums sitting around in the lobby. This just effectively coerced them from ever attending any further meetings.

Shortly thereafter, Mr. Duck left, and that effort folded.

Consequently, the Music Systems, Inc., apparently had not been successful in this attempt to break the blockade, and they then made efforts to contact Mr. Cammarata.

They did, and he came up to Detroit, and he met with Music Systems, Inc.

Mr. KENNEDY. What was Mr. Cammarata's background?

The CHAIRMAN. That is this witness?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. What was Mr. Frank Cammarata's background?

Mr. KAPLAN. Mr. Cammarata is connected both by family ties and a long record of association with most of the notorious hoodlums in the Detroit and Cleveland areas.

Mr. KENNEDY. How many times have you been arrested, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

The CHAIRMAN. Do you have his record there, Mr. Kaplan?

Mr. KAPLAN. Yes, sir; we do.

The CHAIRMAN. Put it in the record.

Mr. KENNEDY. He has been arrested approximately 18 times.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. You were convicted in 1927 in Windsor, Ontario, for possession of weapons. You received a sentence of 3 years and served 30 months; is that correct?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. Then on February 26, 1931, you were convicted of armed robbery and sent to Jackson State Prison in Michigan?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. After that, you served about 5 years in the Jackson State Penitentiary; is that right?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. And then the immigration authorities took action against you, found that you had entered the country illegally, and made arrangements for you to be deported; is that correct?

Mr. CAMMARATA. I refuse to answer. It might incriminate myself.

The CHAIRMAN. Are you now under orders of deportation?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. You were paroled on December 16, 1936, by the Michigan authorities for the purpose of your being deported back to Sicily; is that right?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. Isn't it correct, also, that in 1946 the immigration authorities discovered that shortly after your deportation—

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. Wait a minute. That you, in approximately 1939, had smuggled yourself back in the country and had been hiding out in Ohio? Is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. So you were deported in 1936. You came back in 1939 illegally, the second time, and you were in Ohio for the period 1939 to 1946, when the immigration authorities found out about it; is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. Then the Michigan State authorities sought to have you returned to Michigan to be put back in the Jackson State Penitentiary, and the Immigration Bureau started action against you to deport you as an undesirable alien; is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

The CHAIRMAN. May I inquire if that action of deportation has been in process ever since 1946?

Mr. KENNEDY. That is right.

Then it was discovered that while you were in the country from 1939 to 1946, you never filed an income tax return; is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. And for some unknown reason, you were never prosecuted for any tax violation from 1939 to 1946. Isn't that correct?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. And the Treasury Department allowed you to file your returns for those years subsequent to 1949; is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth.

Mr. KENNEDY. Can you tell us why you didn't file any tax returns for 8 years and no criminal action was taken against you for that?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. Then in 1949 and 1950, again it was found that you had filed faulty tax returns; was it not?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. But no criminal action was taken against you at that time; is that right, on that, either?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. In 1953, the Michigan State authorities were successful in bringing you back to Michigan and you were put back in the Jackson State Penitentiary; is that right?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. Then you were released from the Jackson State Penitentiary a short time ago, and you have now agreed to leave the United States; is that correct?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. The immigration authorities have notified you that they will take action against you unless you leave the United States, and you have agreed to leave the United States and expect to be out of the country by the 10th of December?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. It is for that reason, Mr. Chairman, because he will be out of the country, that we found it necessary to have this witness at this time.

The CHAIRMAN. When is he due to leave?

Mr. KENNEDY. He is due to leave, I think, between the 8th and 10th of December, which is the first of next week.

It is my understanding that you are going down to Cuba; is that right, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. You are going to set up a gambling establishment in Cuba and operate from there?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. It was with this background information, Mr. Chairman, the information that was known about him, that this company sought his help and assistance in Detroit.

What year was it—1949?

Mr. KAPLAN. 1950.

Senator KENNEDY. I wonder if it would be possible for the committee to obtain from the Internal Revenue, from the Treasury Department, their explanation of the leniency shown to this witness, including all correspondence from all persons who might have been involved in an attempt to persuade the Treasury Department not to take action against him for failure to make an income tax report for those 8 years.

The CHAIRMAN. I think the committee should be able to get that information. The Chair was about to remark, though I was waiting until we had the record completed, that these instances—and this is not the only one, according to my observation—these instances where

the racketeers, gangsters, thugs, crooks, are able, for some unexplained reason to avoid prosecution for violation or ignoring of the revenue statutes of this country, the income tax law, have become a source of concern to the law-abiding citizens of this country.

What the explanation is, I don't know. But there are too many instances, such as this, where people definitely are in violation, people of shady character and reputation who are nothing more than just thugs and gangsters and crooks, who have been in the past able to escape prosecution, when other citizens of this country, who otherwise may be law abiding, have penalties imposed against them.

The committee will undertake, Senator Kennedy, to procure a full report and such documentary evidence as may be on file regarding this particular case.

Proceed.

Mr. KENNEDY. I might say, Mr. Chairman, I know Senator Williams of Delaware attempted at one time to try to get the report on this and has been unable to do so.

The CHAIRMAN. The Treasury Department, the Internal Revenue Bureau, and the Justice Department, possibly, should give an explanation to this committee, the Congress and the country as to why a case like this does not receive more vigorous attention.

Proceed.

Mr. KENNEDY. Now, would you tell us what happened when the meeting up in Detroit occurred, and what Mr. Cammarata was supposed to accomplish?

Mr. KAPLAN. Yes, sir.

Mr. Cammarata attended a meeting with two of the officers of the company and also with an operator from the Detroit area who was closely associated and affiliated with the head of the Teamsters local in that area.

Mr. KENNEDY. Who was that?

Mr. KAPLAN. That was Vincent Meli, who is also known as Big Vince. There are two of them here. Vincent Meli is a nephew of Angelo Meli, and he has been in the jukebox business ever since he got out of the Army in 1946. This was the same time that Mr. Bufalino was also in the jukebox business as a employer, as, himself, a distributor of Wurlitzer machines.

Mr. KENNEDY. Mr. Bufalino is also married into the Meli family?

Mr. KAPLAN. Mr. Bufalino married Vincent Meli's sister; yes, sir. Cammarata met with Vincent Meli on the premise of using systems and they conversed in Italian or Sicilian.

The essence of the conversation that was reported to us was that Mr. Cammarata had told Vincent that he should be nice to these people and not give them trouble. Soon thereafter the music systems appeared to be selling their boxes.

The CHAIRMAN. Do you have any information of a payoff in the transaction?

Mr. KAPLAN. No, sir; we do not at this time.

Mr. KENNEDY. Actually, because of the relationship that exists in this kind of an operation, it would not be necessary for a payment of money, necessarily, would it?

Mr. KAPLAN. Well, not between Frank and Vincent. There might necessarily have been a payment between music systems and Frank.

Mr. KENNEDY. But as far as Frank Cammarata and Vincent Meli were concerned, a payment would not be necessary?

Mr. KAPLAN. I would think clearly not, sir.

Mr. KENNEDY. Mr. Kaplan, Angelo Meli, is the elder statesman of the underworld in Detroit; is he not?

Mr. KAPLAN. Well, he is certainly among the very top few; yes, sir.

Mr. KENNEDY. Then these other individuals—Vincent Meli, of course, is related to him, and then Mr. William Bufalino, the head of the Teamster local that was causing this difficulty, was married to his niece?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And Mr. Frank Cammarata was related—you are related, are you not, Mr. Cammarata, to the Licavolis? Isn't your wife Grace Licavoli? Is that correct?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. Why?

Mr. CAMMARATA. On the ground it might incriminate myself under the fifth amendment.

The CHAIRMAN. Do you mean to admit the name of the girl you married might tend to incriminate you? Is that your admission?

Wait a minute. Speak up.

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

The CHAIRMAN. Do you honestly believe that if you gave the name of the girl you married, a truthful answer—

Mr. CAMMARATA. I refuse.

The CHAIRMAN. Wait a minute—that a truthful answer might tend to incriminate you?

Mr. CAMMARATA. I refuse to answer.

The CHAIRMAN. On what grounds?

Mr. CAMMARATA. It might incriminate myself under the fifth amendment.

The CHAIRMAN. If I thought you were not going to be deported promptly, I would make a record here that might cause a little attention. I think it is better to get you out of the country, than to keep you here, if they can do that.

Proceed.

Mr. KENNEDY. Grace Licavoli's brother is Pete Licavoli, who is from Detroit and, together with Angelo Meli, were the two top gangsters in Detroit.

Pete Licavoli has been charged three times with armed robbery, twice with kidnaping, and three times with murder. Pete Licavoli's brother, Mr. Cammarata's other brother-in-law, is now serving a life sentence in Ohio; is he not, Mr. Kaplan? That is Thomas Licavoli?

Mr. KAPLAN. Yes.

Mr. KENNEDY. He is now serving a life sentence in Ohio for what charge?

Mr. KAPLAN. Murder.

Mr. KENNEDY. Isn't that correct, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KAPLAN. I think it might be helpful to point out that when Mr. Cammarata appeared in Youngstown, the police immediately recog-

nized the extent of his connections and what this might mean to Youngstown.

The then chief of police, Edward Allen, wrote immediately to Detroit to tell them that he was down there, and that he was coming in to distribute this machine that was being blockaded in the Youngstown area.

Mr. KENNEDY. This was another blockade?

Mr. KAPLAN. Yes.

Mr. KENNEDY. He went up and he was able to settle the one in Detroit, and then he came down into Ohio where there was another blockade?

Mr. KAPLAN. Yes.

Mr. KENNEDY. With the same company?

Mr. KAPLAN. The same company, the same machines.

Mr. KENNEDY. Did they call on Mr. Cammarata again?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. What happened on that?

Mr. KAPLAN. Mr. Cammarata broke the blockade. The background of it was this: They appointed an operator in that area who was supposed to both sell and/or operate the Seeburg machines against the opposition of the local operators who did not want to buy the new machines.

In order to protect themselves against the then subsidized operator, Seeburg, they had an association and formed an alliance with what was then or what they established to be a branch of Mr. Presser's union out of Cleveland. This was at the time that Mr. Blumetti shortly made his appearance.

Mr. KENNEDY. Mr. Presser is head of the Ohio Conference of Teamsters?

Mr. KAPLAN. Yes, sir. At that time he was also head of this particular local.

Mr. KENNEDY. He has appeared before the committee, Mr. Chairman. He declined to answer questions.

Mr. Blumetti is now head of the Youngstown local which deals in jukeboxes?

Mr. KAPLAN. It is a branch of the Cleveland local. But I think it would be interesting to note that at that time it was an Electrical Workers local, affiliated with the IBEW, and it was at that time that they took their members, en masse, over to the Teamsters.

Anyway, the person that was in trying to place the Seeburg machines tried to get into the union after it became known that the union was going to picket his locations that didn't have a union service stamp on it, and he was refused admittance to the union.

He complained to the police. He was also subjected to a considerable amount of harassment and violence, stench bombs, window breaking and other such. Additionally, the Seeburg distributors' representative in that area was informed by the police that they were dealing with a man of Cammarata's character when they first brought him in. Nonetheless, they went forward.

Mr. KENNEDY. Cammarata was brought in to help this man who was having all these difficulties?

Mr. KAPLAN. That is right. But he had these difficulties over a long period of time, and he then indicated to the distributor, who

was headquartered in Cleveland, that he was going to pull out and he would no longer take all this punishment.

They reassured him and said, "No, stay on. We are going to bring in Frank Cammarata and your troubles will be over." He didn't stay on anyhow. He wanted no more part of this.

Mr. KENNEDY. What was his name, this man in Youngstown? Would you rather not give his name?

Mr. KAPLAN. We would rather not give his name, sir.

Mr. KENNEDY. Let's see if I can get it straight. Was this individual in Youngstown who had the distribution of the Seeburg machines having difficulty trying to get into the local of the Teamsters Union?

Mr. KAPLAN. No. At that time it was the IBEW.

Mr. KENNEDY. Ultimately the Teamsters?

Mr. KAPLAN. Yes.

Mr. KENNEDY. He was having difficulty getting into the union. They wouldn't allow him in the union and they were harassing him by throwing stench bombs and by picketing his stops; is that right?

Mr. KAPLAN. Yes; that is right.

Mr. KENNEDY. So he indicated to the distributor that he was going to get out, that he couldn't take it any longer?

Mr. KAPLAN. Right.

Mr. KENNEDY. They told him that they would bring in Mr. Frank Cammarata to help and assist him in trying to end the violence?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. That is the place where you are at the present time?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Then did Mr. Cammarata come in?

Mr. KAPLAN. Mr. Cammarata came in through the medium of a relative, Emmanuel Amato, who became the operator of these machines.

Mr. KENNEDY. Emmanuel D. Amato then took over the distribution of the Seeburg machine in this area?

Mr. KAPLAN. That is right, sir.

Mr. KENNEDY. He took over from the man who had been harassed, who then left, and this relative of Frank Cammarata then took it over?

Mr. KAPLAN. Yes.

Mr. KENNEDY. Was there any difficulty after that?

Mr. KAPLAN. They put 16 machines on location immediately.

Mr. KENNEDY. So there was no difficulty?

Mr. KAPLAN. No, sir.

Mr. KENNEDY. Is that correct, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself, on the ground of the fifth amendment.

Mr. KENNEDY. How was it that you were able to stop the violence and the difficulties that the IBEW at that time was causing in the distribution of the Seeburg machines?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. Do you receive a percentage of the income from those machines at the present time?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. You set up gambling establishments in the Youngstown area, and you received income from those. Do you also receive income from these machines, the jukebox and other coin-operated machines in the Youngstown area?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself, on the ground of the fifth amendment.

Mr. KAPLAN. I only want to point out that along with some of the relationships we have established on Mr. Cammarata with the Detroit group, that one of the reasons he is so close to Mr. Angelo Meli, who has frequently been alleged to be in control of the vending machine and jukebox situation in the Detroit and surrounding areas through his nephew, William Bufalino, stems from the fact that Frank Cammarata and Mr. Meli are very close from their early infancy. They were born in the same town in Sicily. This has been a longstanding affiliation.

Mr. KENNEDY. Mr. James Hoffa also gets involved in this, does he not, Mr. Kaplan? That is, as far as his relationship with Mr. Cammarata is concerned?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Do you know Mr. Hoffa, Mr. Cammarata?

Mr. CAMMARATA. I refuse to answer.

Mr. KENNEDY. On what ground?

Mr. CAMMARATA. On the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. According to testimony, first by Mr. Robert Scott before the committee, and then confirmed by Mr. Hoffa himself on page 978, he interceded or attempted to intercede with the Governor of Michigan to obtain a pardon for you after you went back to Michigan State Penitentiary in 1953.

Is that correct?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. Could you tell us why Mr. Hoffa would intercede on your behalf up there? Would you tell us that?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself.

Mr. KENNEDY. Mr. Hoffa stated before this committee that he asked Mr. Scott, who was then secretary of the Michigan Federation of Labor, to go see the Governor and try to obtain a pardon for you.

Could you tell us why he would do that in view of your background?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. You have been in touch, Mr. Cammarata, with most of the most notorious gangsters in the United States, in Miami, Las Vegas, Los Angeles, and New York, have you not?

Mr. CAMMARATA. I refuse to answer on the ground it might incriminate myself under the fifth amendment.

Mr. KENNEDY. Do you have some of his other associates listed, Mr. Kaplan?

Mr. KAPLAN. We run a whole gamut of the notorious hoodlums in the areas, the Bommaritos, the Licavolis, the Faharh gang, which

has alleged control of gambling, vice, and illicit operations in Mahoning County.

Mr. KENNEDY. That is Mike Faharh?

Mr. KAPLAN. Yes. There are frequent allegations that Mr. Cammarata's role is to represent the more ranking echelon which is headquartered in Detroit and to represent their interests down there in the Faharh gang in their control and operation of these various activities.

Mr. Cammarata has also been associated with a man called "Fats" Aiello, who went into the cigarette vending business just prior to this time, and was also able to do an extensive job of putting out his cigarette vending machines notwithstanding the difficulty a more reputable operator would have had against the same combination of local people, and this because of his obvious rank and connection.

The CHAIRMAN. Is there anything further?

Mr. KAPLAN. I might also point out that we interviewed Mr. Cammarata in prison in Jackson, and at that time he did speak with one of our investigators and denied even knowing any of these people. He did not refuse to talk to us at that time. He merely said he never met these people and didn't know anything about them, and didn't know what the whole thing was about.

Mr. KENNEDY. But we have been able to confirm that these facts are correct, and we will have the testimony on them?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. The Chair has before him the original subpoena served on the witness, Mr. Cammarata. It was served on the 24th day of November 1958. I have previously ordered that the subpoena be printed in the record.

Let the Chair ascertain something. As I understand, this witness is supposed to be deported sometime next week?

Mr. KENNEDY. He is leaving voluntarily with the understanding that if he didn't leave voluntarily, the immigration authorities would be taking action against him to deport him. So he has agreed to leave the country.

He was given the date to leave by December 1, but the immigration authorities allowed him to extend his stay in this country in order to make his appearance before the committee. We didn't want to request a further stay to have him appear in January when we expect to go into this matter in more detail.

He is going to be leaving the country the beginning of next week.

The CHAIRMAN. The Chair will place the witness under recognizance to reappear before this committee not later than January 7, 1959, conditioned by the fact that if you are out of the country by that time, if you have deported yourself, you will not have to appear here at that time in response to this direction and order of the committee.

If you are not out of the country by January 7, 1959, you are ordered and directed to report back to this committee in room 101 of the Senate Office Building, of this building, at 10 a.m. on that date.

You will remain under the jurisdiction of the committee subject to these orders until such time as you deport yourself from this country, or until that date, whichever is earlier. If you have not left the country by that time, you will report back to this committee on that date.

Do you understand it?

Mr. CAMMARATA. Yes, sir.

The CHAIRMAN. Do you agree?

Mr. CAMMARATA. Yes, sir.

The CHAIRMAN. All right. Stand aside.

Mr. CAMMARATA. That is all? That is all?

The CHAIRMAN. You may stand aside.

Mr. CAMMARATA. Thank you.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. That is it.

The CHAIRMAN. The committee will stand in recess, subject to the call of the Chair.

(Members of the select committee present at time of recess: The chairman and Senator Kennedy.)

(Whereupon, at 10:55 a.m. the select committee recessed to reconvene at the call of the Chair.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, DECEMBER 9, 1958

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES,
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; Arthur G. Kaplan, assistant counsel; Ruth Y. Watts, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Goldwater.)

The CHAIRMAN. We resume hearings this morning in connection with the subject matter that we had under consideration on the last day of our previous hearings.

Call the first witness.

Mr. KENNEDY. I might just say before we call the first witness that as you know, we have been extremely interested in the democratic processes and procedures within certain unions, and we went into this situation rather extensively in the hearings that we had on the Teamsters Union, and the situation regarding St. Louis, Pontiac, Mich., and some other areas in Missouri, as well as the situation in New York regarding the elections there.

So this morning will be a hearing involving not only a jukebox local, but a situation involving an election, or democratic processes and procedures within the local of the Teamsters Union in Youngstown, Ohio.

The first witness—I would like to call two witnesses, Mr. Carelly and Mr. Sammartino.

The CHAIRMAN. Will you be sworn, please?

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CARELLY. I do.

Mr. SAMMARTINO. I do.

TESTIMONY OF LARRY CARELLY AND JOSEPH SAMMARTINO

The CHAIRMAN. The witness on my left, will you please state your name, your place of residence, and your business or occupation.

Mr. SAMMARTINO. My name is Joseph Sammartino, and I am affiliated with the General Distributing Co., Youngstown, Ohio.

The CHAIRMAN. Thank you. And the next witness, will you identify yourself.

Mr. CARELLY. My name is Larry Carelly, affiliated with the Islay Dairy Co., in Youngstown, Ohio.

The CHAIRMAN. Do you gentlemen waive counsel?

Mr. SAMMARTINO. Yes, sir.

Mr. CARELLY. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Let me get the spelling of your name, please.

Mr. CARELLY. C-a-r-e-l-l-y. Joseph Lawrence Carelly.

Mr. KENNEDY. And the name of the company you work for is I-s-l-a-y Dairy Co.?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. And Mr. Sammartino, it is S-a-m-m-a-r-t-i-n-o?

Mr. SAMMARTINO. Yes, sir.

Mr. KENNEDY. What is the name of your place of business?

Mr. SAMMARTINO. General Distributing Co.

Mr. KENNEDY. And you both drive trucks for those companies; is that right?

Mr. CARELLY. That is right.

Mr. SAMMARTINO. I am now a salesman, sir.

Mr. KENNEDY. I will address the questions first to Mr. Carelly.

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. What local is that?

Mr. CARELLY. No. 377.

Mr. KENNEDY. That is in Youngstown, Ohio?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. How long have you been a member of that local?

Mr. CARELLY. Since 1945.

Mr. KENNEDY. And that takes in the truck drivers in the Youngstown, Ohio, area; is that right?

Mr. CARELLY. Yes; which also includes Warren and Ashtabula, Ohio.

Mr. KENNEDY. How many members do you have in that Teamster local?

Mr. CARELLY. Approximately 4,500 to 5,000.

Mr. KENNEDY. How long have you been a member?

Mr. CARELLY. Since June of 1945.

Mr. KENNEDY. Since that time, have you been on a checkoff system?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. Would you explain what that means?

Mr. CARELLY. Well, on the checkoff system, the union entered into an agreement with the employer to have the employer take out their dues and remit those to the union.

Mr. KENNEDY. Would you identify this, please?

The CHAIRMAN. Mr. Carelly, I hand you a blank form here entitled "Statement, Chauffeurs, Warehousemen, and Helpers, Local Union

377," and I will ask you to examine it and state if you identify it, please.

Mr. CARELLY. This is a statement of our local that is sent to our employer.

The CHAIRMAN. That is sent to whom?

Mr. CARELLY. Sent to our employer, mailed to our employer at the last day of every month.

The CHAIRMAN. Mailed to your employer?

Mr. CARELLY. Yes; on the last day of every month, whichever the case might be, the 30th or 31st of the month.

The CHAIRMAN. That is a statement to your employer with respect to the amount of dues they should withhold and pay?

Mr. CARELLY. Yes, sir, that is for each and every driver.

The CHAIRMAN. For each driver?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. That memorandum or statement, or whatever it is, is sent to the employer for each driver?

Mr. CARELLY. No, just one statement is sent for all of the drivers.

The CHAIRMAN. They put the name of all of the drivers on there?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. And indicate the amount of dues that should be withheld?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. Thank you. That may be made exhibit No. 1.

(Document referred to was marked "Exhibit No. 1" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. When is this sent to the employer?

Mr. CARELLY. I stated on the last day of the month, the 30th or 31st.

Mr. KENNEDY. And it states the dues must be paid by the 10th of the month; is that right?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. Now, you have been on the checkoff system since 1945, where the employer sends in the dues and checks it off your salary and sends in the dues to the union headquarters.

Now, were you nominated for office of this local?

Mr. CARELLY. Yes, sir, I was, I was nominated from the floor, on the night of September 3, at a general membership meeting.

Mr. KENNEDY. September 3 of this year; is that right?

Mr. CARELLY. Yes, 1958.

Mr. KENNEDY. And you were nominated for the position of trustee; is that right?

Mr. CARELLY. Trustee and business agent.

Mr. KENNEDY. Let me just ask Mr. Sammartino—how long have you been in the local?

Mr. SAMMARTINO. Approximately 21 years, sir.

Mr. KENNEDY. Have you also been in the checkoff system?

Mr. SAMMARTINO. Yes, sir.

Mr. KENNEDY. And your dues have been paid every month for 21 years by the employer; is that right?

Mr. SAMMARTINO. No, sir, the checkoff system, I am just guessing, took effect approximately 14 years ago.

Mr. KENNEDY. Prior to that you paid your own dues?

Mr. SAMMARTINO. That is right.

Mr. KENNEDY. But for 14 years, the checkoff system has been in effect?

Mr. SAMMARTINO. That is just a guess.

Mr. KENNEDY. That is on the arrangements made between the employer and the union officials, or union; is that right?

Mr. SAMMARTINO. That is right.

Mr. KENNEDY. It is done by contract?

Mr. SAMMARTINO. Yes, sir.

Mr. KENNEDY. It is part of the bargaining contract that the check-off will take place?

Mr. SAMMARTINO. That is right.

Mr. KENNEDY. Were you also nominated for office?

Mr. SAMMARTINO. Yes, sir, I was nominated for trustee and business agent.

Mr. KENNEDY. At the same meeting?

Mr. SAMMARTINO. September 3 meeting, sir.

Mr. KENNEDY. Could you tell us, Mr. Carelly, what occurred after you were nominated?

Mr. CARELLY. After I was nominated from the floor, the question came up concerning our eligibility, and so it was brought out to the attention that the officers maybe should go down to the union hall and find out who was eligible and who was not eligible according to the constitution. The reason I say to the union hall, this meeting is held at the Eagles Hall in Youngstown, Ohio, and it is a large auditorium, and doing something like this the audience is much greater than our union hall can possibly hold.

So they came back with their findings, and claimed that only one of our men was eligible to run.

Mr. KENNEDY. How many were nominated in your slate?

Mr. CARELLY. There were four of us altogether, William DeGenaro.

Mr. KENNEDY. Who was the fourth one?

Mr. CARELLY. William Gaw.

Mr. KENNEDY. And you were an opposition slate to the incumbent officers?

Mr. CARELLY. That is right. They came back with the findings that William DeGenaro was the only one eligible to run. So after I found that out, I asked for the floor, and I made a statement to the effect that I didn't buy their findings, and that if I had to I would fight it and fight it all of the way to the courts.

Mr. KENNEDY. Why were you ruled ineligible?

Mr. CARELLY. Because they claimed according to the constitution my dues weren't paid 2 years prior to the nomination; that is, to be in good standing your dues would have to be paid on the first business day of each and every month, and as I stated before, the employer does not send the statement out until the 30th of the month or the 31st, and therefore our employer cannot possibly send the money back on the 1st of the month, so it is ineligible.

The CHAIRMAN. May I enter a question there a moment.

When the bill is sent out on the 30th of the month, from your union, what day do you get your check for your wages?

Mr. CARELLY. Well, we get paid—let me put it this way—we get paid on the 10th and 25th of each and every month. Our dues are taken out the 25th of the month, the preceding month.

The CHAIRMAN. In other words, at the time that bill is sent out, your dues have already been deducted?

Mr. CARELLY. They are already deducted.

The CHAIRMAN. For which month?

Mr. CARELLY. For the following month.

The CHAIRMAN. For the following month, and not the month in which they are withheld?

Mr. CARELLY. No.

The CHAIRMAN. So that your dues are actually paid by you?

Mr. CARELLY. Well, I don't follow you there.

The CHAIRMAN. Just a moment. Under their contract the employer must withhold the dues?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. And that is a negotiated contract between the employer and union?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. Under that contract in performance of the agreement contained therein with respect to the obligation of the employer to withhold, he does withhold on about the 25th of the month your dues for the following month?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. And in withholding he is the agent of the local?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. And therefore you have no control over it?

Mr. CARELLY. No, sir.

The CHAIRMAN. So that your dues are actually paid at the time that they are withheld?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. Now, whether the agent of the local transmits them before the 1st of the month, is something over which you have no control?

Mr. CARELLY. I certainly don't.

The CHAIRMAN. But you cannot recover them, and they are already withheld, and you have no control over the amount of your dues after they are withheld?

Mr. CARELLY. No, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, I would like to just call Mr. Bellino briefly in connection with what he has found in an examination of the records, and as to whether these gentlemen have had their dues paid.

The CHAIRMAN. Come around, Mr. Bellino.

In the meantime, I will ask each of you, Have you been delinquent for your dues at any time on any monthly payment during the past 2 years?

Mr. CARELLY. No, sir.

Mr. SAMMARTINO. No, sir.

The CHAIRMAN. In other words, this process of withholding has continued over that period and your dues were withheld each month for the following month.

Mr. CARELLY. Yes, sir, as long as we are under a checkoff, it is always withheld every month.

The CHAIRMAN. Have you worked all of that time, and your dues have been withheld?

Mr. CARELLY. Without any interruptions, sir.

The CHAIRMAN. For each month during the 24 months preceding this nomination?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. Thank you.

Mr. Bellino, will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BELLINO. I do.

TESTIMONY OF CARMINE S. BELLINO

The CHAIRMAN. Mr. Bellino, you may identify yourself.

Mr. BELLINO. My name is Carmine S. Bellino, member of the staff.

The CHAIRMAN. You are also a certified public accountant, are you?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. And you are employed by the committee as a professional staff member in that capacity?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Bellino, it has been a provision of the constitution of the Teamsters that you have your dues paid up to the first of the month to be eligible to run for office, and it has to be over a period of 2 years, and you have to be in good standing for a period of 2 years; is that right?

Mr. BELLINO. The pertinent provisions are article 10, section 5, which provides that all members paying dues—I might say article 2, section 4 first, to be eligible for election to any office of a local union or the international union, a member must be in continuous good standing for a period of 2 years prior to nomination for said office, and must have worked at the craft as a member for a total period of 2 years.

Article 10, section 5(c), provides that all members paying dues to local unions must pay them on or before the first business day of the current month, in advance. Where membership dues are being checked off by the employer pursuant to properly executed checkoff authorization, it shall be the obligation of the member to make one payment of 1 month's dues in advance to insure his good standing.

Mr. KENNEDY. Now, that provision that you just read was not in the constitution until September of 1957?

Mr. BELLINO. That is correct.

Mr. KENNEDY. That is a new provision?

Mr. BELLINO. September of 1957 convention provided this.

Mr. KENNEDY. Let us go back to what the rule was.

The CHAIRMAN. That is the convention in Miami?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. The rule prior to that, of the constitution, provided prior to that, that you had to have your dues paid up in order to be in good standing, and you had to have your dues paid up by the first of the month, and you had to have them paid up over a period of 2 years; is that right?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. They have ruled in the past, we found, for instance in Nashville, Tenn., and in other areas, that if your dues are not received at the headquarters by the first of the month, although they might be checked off in time, if they are not received by the first day of the month, you are declared ineligible.

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. We have found in a number of cases that the only people eligible in some of the Teamsters Union locals, have been the incumbent officers who paid their own dues, have we not?

Mr. BELLINO. And which have been paid usually on a basis of a year in advance.

Mr. KENNEDY. But just the only people eligible to run for office are the incumbent officers.

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Now, this provision in the constitution was slightly changed in 1957; is that correct?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And that provision that you just read of the constitution provides that in order to avoid this problem, that the union membership should pay their dues a month in advance, and if they were under the checkoff system.

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. They should pay their own dues a month in advance, and then when the checkoff system was in effect they would be declared eligible.

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Now, I will ask these witnesses about how that applied to them, in just a moment, but you have made a study to determine when these witnesses paid their dues or when their dues were received at the union headquarters?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. What did you find?

Mr. BELLINO. Insofar as the September dues, you mean?

Mr. KENNEDY. All of the dues prior to that time. And you found they were checked off regularly?

Mr. BELLINO. Insofar as taking Carelly and going back to 1956, his dues for the 1st of January 1956 were paid the 6th of the month; and in February they were paid the 2d of the month; and in March, the 6th of the month; and April, the 3d of the month; and then the 5th, and the 6th, and the 5th and—in other words, before the 10th of the month his dues were paid off under the checkoff system, in almost every instance. There is only one period where it was paid on the 15th. Another period was on the 11th, and all others were prior to the 10th of the month.

Mr. KENNEDY. During this whole period of the time he was on the checkoff system the employer was checking off the money from his salary, and turning it in to the union; is that correct?

Mr. BELLINO. That is correct.

Mr. KENNEDY. And the same thing for Mr. Sammartino?

Mr. BELLINO. Sammartino the same thing, except that he was in advance starting in June. On May 27 of 1958 he paid his June dues, and so he was paid in advance; and on June 16 he paid his July dues; July 16 he paid his August dues. So he was in advance at the time of this nomination meeting on September 3.

The CHAIRMAN. But they disqualified him and declared him ineligible because of the checkoff in the past, when his dues had not actually reached the treasury from the employer for some 6 or 8 days after the 1st of the month?

Mr. BELLINO. That is correct.

Senator GOLDWATER. May I ask technically, when are the dues considered paid—when the checkoff occurs or when the money reaches the treasury?

Mr. BELLINO. They have considered the employer as the agent of the union, and so I would say technically it is when the employer deducts the dues. However, the union goes on the basis of when they actually receive it.

Senator GOLDWATER. Is there anything in the contract that specifies the time of payment?

Mr. BELLINO. Well, I haven't seen his contract, but the usual provision is upon being notified by the union of what members are employed by that company, then they check off the dues at the next payroll period and send it into the union. So that in this particular case, insofar as Carelly is concerned, around the end of the month, the Islay Dairy Co. received a notice from the secretary treasurer of local 377 including Carelly's name as one of the members working for them, and they deducted, on the September 3 payroll period, which was a Friday, they deducted the dues. They paid it on September 5. I am sorry; it was September 5 that they deducted it, and the dues were in by September 10.

Senator GOLDWATER. The company is in effect the agent; is that right?

Mr. BELLINO. Yes, sir.

Senator GOLDWATER. As soon as the agent had deducted the dues, are they not technically paid?

Mr. BELLINO. Yes, sir; I would say so. I would say they are technically paid.

Senator GOLDWATER. To your knowledge, has that ever been to the courts?

Mr. BELLINO. Not as far as I know, Senator.

The CHAIRMAN. I think it is more than technically paid. If I pay a duly constituted agent of a master a debt I owe, or an obligation, when I pay it to the agent, if he is an authorized agent, the debt is paid, whether that agent absconds with the money, or whatever he does.

So it is more than technically paid; it is actually paid insofar as the employer and the union member are concerned.

Mr. BELLINO. I would believe so.

Senator GOLDWATER. Is this bill, the form that this gentleman identified, is that the receipt?

Mr. BELLINO. That is the form sent by the union to the employer and listing the names of the union members that are working for that company.

Senator GOLDWATER. How does the union recognize receipt of that money? Do they receipt for it?

Mr. BELLINO. They deposit it and issue a receipt to the member.

Senator GOLDWATER. But receipting to the employer, how does he receipt to the employer?

Mr. BELLINO. They may actually tell us the actual procedures, Senator.

Mr. SAMMARTINO. Our employer, upon receiving the statement, they send in a check, and the same statement is sent back to our employer or sent back to the employees with the receipt marked paid, with receipts for each and every employee.

Senator GOLDWATER. Who sends that back, the company or the union?

Mr. SAMMARTINO. The union, sir. It is sent back to the shop steward, and the shop stewards distribute them to the membership, their receipt.

Senator GOLDWATER. When they say the first of the month, Mr. Bellino, do they mean the 1st actually, or the 10th?

Mr. BELLINO. The first business day is the way the constitution reads, the first business day of the month.

Senator GOLDWATER. Most of these have been deposited from the 3d to the 10th?

Mr. BELLINO. Yes, sir.

Senator GOLDWATER. So it has been the general practice not to have them paid, and to keep the entire membership in a state of not having paid their dues, in case this ever comes up.

Mr. BELLINO. They have always been considered in good standing by paying their dues prior to the 10th of the month.

The CHAIRMAN. There is another phase of this that is intriguing to me. There is nothing in that section 4, the first item you read from the constitution, that makes the same condition of eligibility applicable to appointive officers, where a union is in trusteeship or something, is there?

Mr. BELLINO. Not in this section, and whether there is in any other, I don't know.

The CHAIRMAN. There is a big loophole where they can take a man right out of the penitentiary and appoint him to one of these high positions in the union—is that correct—and not be in violation of the constitution?

Mr. BELLINO. I don't know the answer to that.

Mr. KENNEDY. Senator, they can do that, but these people that they take out of the penitentiary and place in those positions of power are not eligible under the constitution. What has happened in the past is that they are not any more eligible than anybody else; the international president can just waive the constitution or they just don't pay attention to the constitution in those cases.

The CHAIRMAN. Speaking at least of practical application, they do not apply it in those instances.

Mr. KENNEDY. That is correct, and, of course, it is the same procedure followed by Mr. Harold Gibbons in St. Louis. This provision of the constitution that we have just read should apply to the Carnival Workers Union in operating supposedly out of St. Louis, but Mr. Gibbons, as the trustee of the joint council, waived the constitution and said, "This doesn't apply in this case."

So these people in the St. Louis situation were declared eligible by Mr. Gibbons and supported by Mr. Hoffa. They participated in the election, and with the switch votes that made the difference they gave the election to Mr. Harold Gibbons.

So the problem that we are dealing with is where the constitution can be interpreted one way to help the incumbent officers, Mr. Hoffa, Mr. Gibbons, and his fellow officials, and another way when the rank and file attempt to run against these people.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Now, will you tell what happened, Mr. Carelly, after the officers came back and said that you were all ineligible?

Mr. CARELLY. I forgot to mention one fact. Before they entertained the motion of that eligibility, I think there was about 1 hour and 45 minutes before they finally agreed to check this eligibility that same night. In other words they wanted to rule us out just that night, you see, but we finally, or the membership finally voiced their opinion that they should go and check the eligibility that night. What happened after then, they declared my ineligibility, and I made the statement that I would fight it all of the way through, and I wouldn't back up for anybody.

I then wrote a letter to Mr. Martin F. O'Donoghue, the chairman of the board of monitors, and also sent the same letter to James Hoffa, president of the International, stating my case and why I should be declared eligible.

I waited approximately a week to 10 days, and when I didn't get an answer. I called Mr. O'Donoghue up here one evening, and I asked Mr. O'Donoghue what the final disposition, if any, on my case was.

Mr. O'Donoghue stated to me, and which he can verify, that Mr. Hoffa had declared me eligible, and he asked me if I didn't receive the telegram stating so.

I told him that I didn't, and he said that he would see Mr. Hoffa the following morning and make sure that I would receive the telegram so we could go on with this election.

I waited the next day, and I received no telegram, and I waited in the afternoon, and I didn't receive it, and so I contacted Mr. O'Donoghue again that evening.

Now mind you, that is putting me through all of this expense. That money came out of my pocket. That is what these incumbent officers are doing to us today.

Mr. O'Donoghue told me that night that he had spoken to Hoffa, but Mr. Bill Presser from Cleveland, Ohio, sent in a letter of protest and stopped the eligibility. That is what happened.

Mr. KENNEDY. Mr. Presser was head of the Ohio Conference of Teamsters?

Mr. CARELLY. That is right.

Mr. KENNEDY. He has been a witness here, Mr. Chairman, and he is the one who intervened and stopped the election.

Mr. CARELLY. That is what Mr. O'Donoghue told me.

Senator GOLDWATER. Under what provisions of the constitution can that man stop the action?

Mr. CARELLY. Not being in good standing due to the dues not being paid 2 years prior.

Senator GOLDWATER. Mr. O'Donoghue and Mr. Hoffa had agreed that you are eligible, and how can Mr. Presser interject an objection and have it sustained?

Mr. CARELLY. I don't know.

Mr. KENNEDY. What obviously happened is that Mr. Presser is a very close associate of Mr. Hoffa's, and Mr. Presser has the immediate

jurisdiction over Ohio, and undoubtedly he intervened and stated that he did not want these gentlemen to be declared eligible, and so Mr. Hoffa reversed his position on this. Isn't that right? Mr. Hoffa then was the one who reversed his position after intervention of Mr. Presser.

The CHAIRMAN. I am wondering if Mr. Hoffa ever intended in good faith to declare you eligible.

Mr. CARELLY. I think the question should be asked of Mr. Presser.

The CHAIRMAN. I know, you couldn't answer that. But I have doubts that he ever had any intention whatsoever of declaring you eligible.

Mr. CARELLY. I am inclined to believe Mr. O'Donoghue's word.

The CHAIRMAN. I can understand his position, and I am not sure Mr. Hoffa was in good faith when he intimated to Mr. O'Donoghue that he had sent a telegram.

Mr. CARELLY. I understand you now.

Mr. KENNEDY. The incumbent officers that were running against you were associates of Mr. Presser, were they not?

Mr. CARELLY. Yes, we assumed they are.

Mr. KENNEDY. Particularly Mr. Joseph Blumetti?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. He was one of those nominated on the other slate, as a trustee, was he not?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. He was going to be running against you?

Mr. CARELLY. Yes, sir.

Mr. CARELLY. The other slate, they were all declared eligible, were they?

Mr. CARELLY. Well, yes; they were the incumbents.

Mr. KENNEDY. And you had this conversation with Mr. O'Donoghue. Could you tell us what steps you then took?

Mr. CARELLY. It is not every day you walk into something like this, and I am trying to keep it straight. Sammartino called me up one afternoon and told me, "We are flying to Washington today."

I said, "Not me; I have never flown; I am not getting off the ground." And he said, "Well, we are going Monday morning; we are going on the plane to Washington," and I believe that was September 22. We came up to see Mr. O'Donoghue personally, and we then met his executive secretary, Mr. Bartosic, and he took statements from us as to what was going on in Youngstown.

Mr. KENNEDY. Now, subsequently, was this put up to the membership as to whether you should be declared ineligible?

Mr. CARELLY. Yes, sir. Last month, on November 5, this was brought up by the membership that we be placed on the ballot.

Mr. KENNEDY. What did the membership decide?

Mr. CARELLY. That these men should be placed on the ballot, that was their wish.

Mr. KENNEDY. Was that unanimous?

Mr. CARELLY. Yes, sir; it was nearly unanimous.

Mr. KENNEDY. How many members were there at the meeting?

Mr. CARELLY. On that night there were approximately 1,500 members.

Mr. KENNEDY. They all voted almost unanimously that these men should be placed on the ballot?

Mr. CARELLY. It was a standup vote; yes, sir; and to appreciate it you have to be there to see it.

Mr. KENNEDY. Are they concerned about the way that the local is being run and operated by Mr. Presser and Mr. Blumetti?

Mr. CARELLY. They most certainly are, and I can give you an example. We held a meeting here Sunday—no, it was Wednesday, December 3—it was Sunday, December 7—and the meeting was called for the express purpose that the decision which Judge Connell of Cleveland handed down, declaring us ineligible—

Mr. KENNEDY. Just so we can get that in perspective, in the meantime this had been appealed to the courts?

Mr. CARELLY. Yes, sir; it had been appealed to the U.S. circuit court of appeals.

Mr. KENNEDY. How did it get into Judge Connell's court?

Mr. CARELLY. Well, the opposition took it there, I guess.

Mr. KENNEDY. They took it in there to try to declare you ineligible?

Mr. CARELLY. That is right.

Mr. KENNEDY. They were supported in his court, and he gave a decision declaring you ineligible?

Mr. CARELLY. That is right. In that decision, by the way, it came down just 2 days before our general membership meeting, and I myself believed that this decision—well, I don't know how to put it, but it didn't seem to help the membership any, and it seemed to demoralize them in a way. We have a lot of good workers in the rank and file and we kind of got the membership together again and explained to them that we weren't done, and they asked me, "What do we do now?" And I said, "Well, we are just beginning to fight now."

So that is when we held this meeting on December 7, and it was called on a Friday, 2 days before and, mind you, that day the Cleveland Browns were playing football, but we still had a meeting of 500 members there attending this meeting in protest that the opposition was trying to throw us into trusteeship. Of course, we all know what trusteeship means, it means we would all be out.

By the way, I would like to go on further and explain that to combat that we have a petition being circulated to the effect that we don't want to help throw into trusteeship and this was Sunday, mind you, and today is the 9th, I believe, 2 days later, and already we have approximately 1,000 signatures, and we are not done circulating yet.

The CHAIRMAN. Is their petition pending in a court to throw you into bankruptcy, or into trusteeship?

Mr. CARELLY. No, sir; I don't believe I stated it that way.

The CHAIRMAN. I didn't say you did, and I was just trying to get the procedures that are being undertaken to place you in trusteeship. Are the international officers undertaking to place you in trusteeship?

Mr. CARELLY. Here is what happened. After that meeting Bill Presser's public relations man, Harold Cohen, from Cleveland, held a press conference with the opposition at the Valley Park Motel in Youngstown, and I think that is what they decided to throw against us, figuring that is the way they could beat us down.

The CHAIRMAN. It was a threat that if you pursued this, "We will put you into receivership."

Mr. CARELLY. Call it what you may, but that is right. So they decided to throw it into trusteeship, and so they were circulating petitions, and another point is that at Sunday's meeting one of the rank and file that works essentially—and I believe Sammartino has a newspaper here to the effect—said that they circulated these petitions and telling the workers it just was primarily an investigation, and nothing else. But in reality it is to try to throw the local into receivership.

It is all this in the newspaper.

Mr. KENNEDY. Is this the paper that you are talking about?

Mr. SAMMARTINO. The bottom article, yes.

The CHAIRMAN. It is the youngstown Vindicator?

Mr. SAMMARTINO. It is under the title of the article there.

The CHAIRMAN. This article in the paper may be made exhibit No. 2.

(Document referred to was marked "Exhibit No. 2," for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. In this court proceeding where Judge Connell gave an adverse ruling to the rank and file, although you had your dues paid up and you were under the checkoff system, and had been in the union for 15 or 20 years, one 15 years, and Sammartino for 21 years, were you participants in that case?

Mr. CARELLY. Well here is what happened. We were participants to start with. In other words, we were subpoenaed up to Cleveland, and our attorney took the position that the Federal court in Cleveland had no jurisdiction over our case, and therefore Judge Connell took it upon himself to dismiss us out of the case, and we think we were literally thrown out of there.

Mr. KENNEDY. You weren't even allowed to come in?

Mr. CARELLY. We didn't testify at all. At this December 4 meeting, that is the one I stated, I made this statement and I wanted to be quoted when I made the statement, that due to Judge Connell's decision turning us down, that I thought his decision was unfair and was incorrect and that I didn't see how Judge Connell could hand down a decision such as he did when he didn't listen to two sides of the story.

Mr. KENNEDY. There was nobody there presenting your side, is that right?

Mr. CARELLY. I will take that back, Mr. Knee was there.

Mr. KENNEDY. He is the attorney?

Mr. CARELLY. Attorney for the Teamsters.

Mr. KENNEDY. He is attorney for Mr. William Presser?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. And he was responsible for presenting your side of the situation?

Mr. CARELLY. Yes, he was supposed to have been defending us and Jimmy Hoffa.

Mr. KENNEDY. He is the attorney for Mr. William Presser. And so, in fact, as a practical matter, you had no one giving your side of the story?

Mr. CARELLY. No, sir. There is one other point since you brought that up which I might forget.

It seemed to me like it turned out to be a joke, that whenever Mr. Knee wanted to know something, he would walk back to the railroad

and converse with Mr. Presser and during recess he would converse with Mr. Presser.

The CHAIRMAN. You were present at the hearing?

Mr. CARELLY. Yes, sir, I was. We didn't leave Cleveland until 5 o'clock or 5:30 that night.

Senator GOLDWATER. Did you ask to be heard?

Mr. CARELLY. No, we were dismissed and we were never given the chance. We had two attorneys there, Mr. Lebert and Mr. John Weeks Powers. Mr. Powers was trying to say something but he never did get a chance to speak.

Senator GOLDWATER. Why wasn't he allowed to speak?

Mr. CARELLY. Well, because Mr. Lebert brought up the question, and I assume this, and I am not a lawyer, and I assume that he dismissed us from the case and that was it.

Mr. KENNEDY. The judge dismissed them all from the case?

Mr. CARELLY. He dismissed us as defendants.

Senator GOLDWATER. He dismissed your side from the case?

Mr. CARELLY. To get the picture straight, the plaintiffs as far as I could see were suing us three, the defendants plus Jimmy Hoffa and Gibbons, and they were also the defendants, and so when they threw us out of the case then Hoffa became the defendant.

Senator GOLDWATER. Did the judge do this?

Mr. CARELLY. Yes; here is a transcript of this trial.

Senator GOLDWATER. How long did it take the judge to do it?

Mr. CARELLY. Well, you mean throwing us out?

Senator GOLDWATER. Was the hearing 1 day or 2 days?

Mr. CARELLY. No, the hearing was held on 1 day, and it was held on the 13th day of November, so then he sent it back to December 1, which was 2 days prior to our general membership meeting.

Senator GOLDWATER. On December 1 he announced to you that you were dismissed?

Mr. CARELLY. Yes, sir. Oh, no, he dismissed us the very first day.

Senator GOLDWATER. And then the judge actually never heard your side of the case?

Mr. CARELLY. No, sir, and as a matter of fact I don't believe we were in the court 45 minutes.

Senator GOLDWATER. It is a shame this committee doesn't have jurisdiction to investigate courts.

The CHAIRMAN. I think we have a little jurisdiction. Can we have that transcript or would you like to keep it?

Mr. CARELLY. You mean the transcript here, you would like to have it? I think you can have it.

The CHAIRMAN. Thank you very much, it will be made exhibit 3.

(Document referred to was marked exhibit 3, for reference in the files of the select committee.)

The CHAIRMAN. I am not sure we don't have jurisdiction to inquire into these matters as they relate to management and labor relations. I have never felt under too much restraint to criticize a court if I thought he was wrong.

Mr. CARELLY. I would like to say this, since I am under oath, because I don't want to be forgetting anything:

They did have a pretrial conference now which lasted about an hour, to an hour and 10 minutes, with their attorneys and our attorneys and the judge.

The CHAIRMAN. But the open session of court was 45 minutes?

Mr. CARELLY. For us it was. It was approximately 45 minutes.

Mr. SAMMARTINO. They opened up the trial, and Mr. Griggs made the opening statement for them, and then our attorneys got up and made an opening statement, I believe, and that is when the judge dismissed them.

Senator GOLDWATER. After that, in effect, the international lawyer represented both sides?

Mr. CARELLY. Well, I cannot say that, because when they told us to leave, we were asked to leave, and we went back to our hotel in Cleveland, and so I couldn't actually say that, but the transcript I imagine would have it in there.

Senator GOLDWATER. This was an open hearing?

Mr. CARELLY. Yes, sir.

Senator GOLDWATER. And you were asked to leave an open hearing?

Mr. CARELLY. Well, now wait a while. Let us get that straight again now. You say an open hearing by the public being invited and all of that? I think we were asked to leave because we were the defendants, that is why. Therefore, we weren't permitted to stay in there.

Senator GOLDWATER. Did you try to stay?

Mr. CARELLY. No, we didn't. But we were asked to leave, and our lawyers told us to leave.

The CHAIRMAN. Who asked you to leave?

Mr. CARELLY. Our lawyers.

Senator GOLDWATER. Did the judge asked them to ask you?

Mr. CARELLY. Yes, as far as I gathered. No, what I am referring to, you are talking about the start of the trial. At the start of the trial we were asked to leave, and I am coming to that. But in the afternoon, after recess, a couple of our men did go back just to hear the trial, what was going on, a couple of men of the membership.

Mr. SAMMARTINO. I don't believe we were directly asked to leave the courtroom, sir, and I believe that our attorneys were dismissed, and they were to leave, and not the courtroom, but the front part.

The CHAIRMAN. You were eliminated from the proceedings?

Mr. SAMMARTINO. Yes, sir.

The CHAIRMAN. And therefore you couldn't be heard?

Mr. SAMMARTINO. That is right.

The CHAIRMAN. And no one could plead your case, and your attorneys were dismissed by the court, and there was no point in your staying except you might have stayed as a spectator?

Mr. SAMMARTINO. We were not ordered to leave the courtroom. I would like to clarify that.

The CHAIRMAN. But you were kicked out of the case?

Mr. SAMMARTINO. Yes, sir; definitely.

The CHAIRMAN. All right.

Mr. KENNEDY. First, Mr. Hoffa was declared a defendant or was defendant in the action to prevent him from allowing you to participate in the election; is that correct?

Mr. CARELLY. Yes.

Mr. KENNEDY. And the attorney representing Mr. Hoffa in this case was Mr. Knee?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. And he was also the attorney and he has been the attorney for the Ohio Conference of Teamsters and Mr. Presser?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. And I might say, Mr. Chairman, that he represented Mr. Presser before the Hoffman committee when Mr. Presser took the fifth amendment at that time.

Now, there is one other thing we had better clarify, and that is the question of the new provision of the constitution where it says that all members who are on the checkoff system should pay their dues a month in advance.

Mr. Bellino read that into the record. You are familiar with that?

Mr. CARELLY. Yes, sir.

Mr. KENNEDY. Were you aware of that provision of the constitution?

Mr. CARELLY. I didn't know that until this controversy broke out.

Mr. KENNEDY. It had never been brought to your attention?

Mr. CARELLY. Not to my attention.

Mr. KENNEDY. Now, it is contained in the Teamster magazine of March 1958 and it states at that time that in order to be eligible to run for office, and you are in the checkoff system, you should pay your dues a month in advance.

Did you see this issue of the March magazine?

Mr. CARELLY. I will tell you what I saw there. The first time we came to Washington and we were giving our statements to Bartosic, the executive secretary of the monitors, he asked me that question. I told him that I don't receive any Teamster magazines, and I never did see that.

Mr. KENNEDY. And you never were aware of this provision of the constitution?

Mr. CARELLY. No, sir.

Mr. KENNEDY. Was it ever posted in the union headquarters?

Mr. CARELLY. No, sir.

Mr. KENNEDY. And were you ever told about it at any meetings?

Mr. CARELLY. No, sir.

Mr. KENNEDY. You were never told about it, and so you had no knowledge at all about the provision of the constitution?

Mr. CARELLY. No.

Mr. KENNEDY. You never received a letter from the international telling you that this provision of the constitution was in effect?

Mr. CARELLY. You mean a personal letter, or individual letter to each member?

Mr. KENNEDY. Yes.

Mr. CARELLY. No, sir.

Mr. KENNEDY. What about you, Mr. Sammartino? Did you know about the change in the constitution?

Mr. SAMMARTINO. No, sir, I did not.

Mr. KENNEDY. Did you receive the Teamster magazine?

Mr. SAMMARTINO. The same time Carelly did, at Mr. O'Donohue's office.

Mr. KENNEDY. You hadn't seen it prior to that time?

Mr. SAMMARTINO. No, sir, and I do not recollect seeing it.

Senator GOLDWATER. May I get something clear here, Mr. Kennedy? It says:

Where membership dues are being checked off by the employer pursuant to properly executed checkoff authorization, it shall be the obligation of the member to make one payment of 1 month's dues to insure his good standing.

Now, would you interpret that to mean, Mr. Bellino, before the man goes to work under the contract, he would have to pay 1 month's dues in advance?

Mr. BELLINO. Yes, sir, to be in good standing.

Senator GOLDWATER. And after that, he would be considered in good standing if a checkoff existed through the contract?

Mr. BELLINO. Yes, sir.

Senator GOLDWATER. So what is changed here is to require them to pay 1 month's dues in advance before they went to work, is that about it?

Mr. BELLINO. Yes, sir.

Senator GOLDWATER. That wouldn't have affected either of these gentlemen?

Mr. BELLINO. It would not affect Sammartino, I am certain because he was paid in advance.

Senator GOLDWATER. It wouldn't have affected either one, because they were members of the organization under the other constitution, and the existing contract?

Mr. BELLINO. Yes, sir.

Senator GOLDWATER. So they would be in good standing by virtue of having paid in advance under the contract, is that correct?

Mr. BELLINO. That is the question, Senator, as to whether it would be under the contract, but then the constitution changed it.

The CHAIRMAN. I believe this name "Hon. James C. Connell" is familiar to this committee. It may be the same person, and I am not sure. Is this the same Hon. James C. Connell that we had testimony about regarding a champagne bucket being engraved and presented to him?

Mr. CARELLY. It is.

The CHAIRMAN. The same fellow?

Mr. CARELLY. Yes, sir.

The CHAIRMAN. I believe that was presented by Mr. Presser, was it?

Mr. CARELLY. According to newspaper reports, yes.

The CHAIRMAN. According to testimony that we had here, a champagne bucket with his name engraved on it was purchased for him by Mr. Presser, is that correct, or by the local?

Mr. CARELLY. Well sir, I am under oath here and I can only go by what I read in the newspapers.

The CHAIRMAN. He is the same judge that was talked about at that time?

Mr. CARELLY. I assume he is, yes.

The CHAIRMAN. All right, proceed.

Senator GOLDWATER. How long has he been a judge up there?

Mr. CARELLY. I wouldn't know.

Mr. BELLINO. Since August of 1954.

Mr. KENNEDY. I have the judge's decision here, and he says here on page 16:

One question which occurs to me here is if these are men who would pack such a meeting with strangers and hand out false tickets to vote, they would stoop so low in an effort to steal control of this little local.

I presume he is talking about you.

If they would stoop so low in an effort to steal control of this little local, do you suppose the same people might not tell a little fib to the monitors about whether they were on the mailing list or not.

Did you pack the meeting and hand out false tickets to vote and lie to the monitors?

Mr. CARELLY. Might I answer one thing? As far as packing the meeting, we in Youngstown feel that is about the only correct thing that they have ever said down there. We did, we packed it with members.

Mr. KENNEDY. With members?

Mr. CARELLY. That is right, members of local 377, and how anybody could get up there and testify who is a member and who isn't a member is beyond us. We had two of our men at the door, and they had two of the incumbents or in other words two of their officers at the door, and they were screening everybody who was coming in.

Mr. KENNEDY. Now, the judge also suggests rather strongly that you came and lied to the monitors about being on the mailing list.

Mr. CARELLY. I still am not on the mailing list. My name is on the mailing list, but I don't receive a copy, and to this day I haven't received a copy.

Mr. KENNEDY. And you say that under oath?

Mr. CARELLY. I certainly do.

Mr. KENNEDY. If the judge has some information, perhaps he can come in here.

The CHAIRMAN. I don't know whether the judge would like to testify before the committee or not, but he is welcome, if he makes these charges against you, and you say they are positively untrue.

Mr. CARELLY. They certainly are.

Mr. KENNEDY. Then he states here on page 19:

Why was this 1957 constitution treated so lightly? Why were these men who were so obviously acting in violation of the international constitution given so much encouragement?

You weren't given a great deal of encouragement, and you weren't even allowed to argue your case, were you?

Mr. CARELLY. No, sir, I stated that.

The CHAIRMAN. The encouragement you received was from the membership?

Mr. CARELLY. That is right.

The CHAIRMAN. And, of course, that is offensive, I guess?

Mr. CARELLY. So it seems down there, it is.

Mr. KENNEDY. Did you know during all of this period of time, Mr. Sammartino, that you were not a member in good standing of this union?

Mr. SAMMARTINO. I never saw a constitution until this thing started and I saw them piled up in the office then. We feel it is the obligation of our business agent to hand them out to the membership, but I have never seen a constitution until this controversy came up.

Mr. KENNEDY. Did you realize for 22 years you have been a member, not in good standing, in the Teamster Union?

Mr. SAMMARTINO. No, sir.

Mr. KENNEDY. Did you realize the same thing for about 15 years, that you have not been a member in good standing?

Mr. CARELLY. No, sir. I thought when your dues were being taken out, you just had to be a member in good standing.

Senator GOLDWATER. How much are your dues a month?

Mr. CARELLY. \$4.50 a month. I would like to make a statement regarding the constitution, that there was one membership meeting, and Mr. Steinberg was at the meeting, and that statement I did bring up, that this constitution was never brought up so much until this nomination of officers came up.

I so made the statement that if anybody wanted to see where these little books were laying, they were laying in the office there on the floor, and there were 2,000 or 3,000 of them laying on the floor, and so evidently they could have been passed around. I also stated to the membership, that I am sorry that I have not taken a photograph of those constitutions laying inside the office in large cardboard boxes, and yet they tried to tell the membership the books were distributed which they never were. I will agree some may have been distributed but the greater majority of the books were laying in the cardboard boxes in the office.

Mr. KENNEDY. I would like to once again point out, Mr. Chairman, that in the international convention in September of 1957, the international convention, the constitution was waived in order to give the presidency to Mr. James Hoffa, and at least 75 percent of the delegates there were elected illegally. The constitution was waived by Mr. Harold Gibbons with the support of Mr. Hoffa in the situation in St. Louis, Mo., for the control of joint council 13; and the constitution was waived in Pontiac, Mich., in the union election up there last year.

The constitution, however, was strictly enforced in Joplin, Mo., where they would not even tell the membership who was eligible to run for office. Then the constitution, of course, was strictly enforced here.

So the situation is where the officers, Mr. Hoffa, and Mr. Gibbons and his fellow incumbent officers, interpret the constitution as they see fit in any particular circumstance.

In Nashville, Tenn., out of 3,300 members of the union, only 11 were declared eligible to run for office.

The CHAIRMAN. In other words, we frequently hear the term "political bosses," and as this union is operated by its present officials, with their cunningness at interpreting the constitution, this is what you would call a labor dictatorship in your union, is that correct.

Mr. CARELLY. I would, yes, sir.

Mr. SAMMARTINO. Yes, sir.

Mr. KENNEDY. That is all for now, Mr. Chairman.

The CHAIRMAN. Thank you, gentlemen, very much.

Mr. KENNEDY. I thought we would call a witness for the other side of the situation, Mr. Presser's representative, who is running for office, and for whom Judge Connell made the decision. So I would like to call Mr. Blumetti.

TESTIMONY OF JOSEPH BLUMETTI, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, please?

Mr. BLUMETTI. My name is Joseph Blumetti.

The CHAIRMAN. What is your residence?

Mr. BLUMETTI. 3925 Shelby Road, Youngstown, Ohio.

The CHAIRMAN. And what is your business or occupation?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Do you have counsel present?

Mr. Counsel, will you identify yourself?

Mr. ALLDER. My name is H. Clifford Alder, member of the bar of Washington, D.C.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Blumetti, we have had this testimony in connection with the election out in Youngstown, Ohio, and the rank-and-file membership that nominated opposition to you and then were declared ineligible, even though they had the support of the membership. Could you tell us anything about that, and give us your side of the situation?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Might we infer from that that you did something in connection with this case, that if you told the truth about it your answer might tend to incriminate you?

Mr. BLUMETTI. I respectfully decline to answer it because I honestly believe that the answer might tend to incriminate me.

The CHAIRMAN. If you are honest in your answer, then no other conclusion can be drawn from your statement.

All right, proceed.

Mr. KENNEDY. Now, the judge here goes into the question—

These men running against you were packing such a meeting with strangers and handing out false tickets to vote, if they would stoop so low in an effort to steal control of this little local.

Were these men trying to steal control of this little local from you, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Were you shocked at their tactics, that they were using about stealing the control of this little local from Mr. Blumetti and Mr. Presser?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that the answer might tend to incriminate me.

The CHAIRMAN. The testimony here shows the membership of this local to be between 4,500 and 5,000 members, is that correct?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that this answer might tend to incriminate me.

The CHAIRMAN. Do you think it might tend to incriminate you if you answered truthfully as to the number of members in the local?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that the answer might tend to incriminate me.

The CHAIRMAN. With the permission of the committee I will order and direct you to answer that question.

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. The question still stands, and the order and direction will remain throughout your testimony.

Proceed.

Mr. KENNEDY. He also suggests in the decision, that these other members of the rank and file running against you went to the monitors and told a little fib about whether they were on the mailing list. Did you tell that to the judge, that your opposition was fibbing?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Were you shocked?

The CHAIRMAN. Did you testify in that case before Judge James C. Connell?

(The witness consulted with his counsel.)

Mr. BLUMETTI. No.

The CHAIRMAN. Thank you.

Proceed.

Mr. KENNEDY. And Mr. Blumetti, could you tell the committee what conversations you had with Mr. Presser and Mr. Hoffa to declare this opposition of yours ineligible?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us how you got in the Teamsters Union or became an officer of the Teamsters Union, initially, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer the question because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Are we to imply from your answer that the way you get elected to an office or appointed to office in that local or in the Teamsters Union is under circumstances that would be incriminating, if the truth were known?

Mr. BLUMETTI. I respectfully decline to answer the question because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Certainly you are the best judge, and I will accept your statement about it that it would incriminate you, and there is something wrong about it.

Proceed.

Mr. KENNEDY. How long have you been an officer of the Teamsters Union?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. What had been your experience prior to the time you became an officer of the Teamsters Union?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. How many times have you been arrested, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. What was the last prison sentence you served, and on what conviction, for what crime?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Mr. Counsel, do we have some records of that?

Mr. KENNEDY. In 1943, Mr. Chairman, he was sentenced to 6 years and 1 day for white slavery.

Is that correct?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. And he was sentenced to 6 years and 1 day, and he has been arrested a number of other times, for counterfeiting, suspicious character, for making false statements regarding the draft during the war.

Is that correct?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Were you a slacker during the war?

(The witness consulted with his counsel.)

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. How long did you serve of your 6-year sentence for white slavery?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, I would like to call a witness from the staff to give a little bit of Mr. Blumetti's background, and his experience in this field.

The CHAIRMAN. Have him come around, please.

Mr. KENNEDY. In the union field.

The CHAIRMAN. All right.

You have been previously sworn, and you will remain under the same oath.

Mr. KENNEDY. Mr. Kaplan, when do we first hear of Mr. Blumetti becoming a union official?

Mr. KAPLAN. Mr. Blumetti first appeared as a union official according to our records and our investigation in about 1950 or 1951, at which time he commenced to organize the vending machine operators in the Youngstown area.

Mr. KENNEDY. For what union was that?

Mr. KAPLAN. Well, initially it appeared to have been for local 442 of the IBEW, which was then headed up for a long time by William Presser of Cleveland.

Mr. KENNEDY. This was before Mr. Presser went into the Teamsters Union?

Mr. KAPLAN. Yes; this was just prior to the time Mr. Presser came into the Teamsters Union. There was also some clear indication that he was operating additionally on behalf of an AFL Federal local called the Musical Maintenance Workers Union, which had been a Federal local that Mr. Presser had initiated in about 1940, but which was purportedly superseded by 442 of the IBEW. But, nonetheless, both Mr. Presser and Mr. Blumetti continued to report income from that union, although it was not a union that was operating any place that we could possibly tell.

Then, shortly thereafter, Mr. Presser obtained a charter from the Teamsters Local 410 and that charter was given to him in September of 1951. Soon thereafter, Mr. Blumetti appeared as the business agent for that local.

Mr. KENNEDY. He came into the Teamsters Union in the Youngstown area, first from the IBEW, and then under Mr. Presser?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. In local 410 of the Teamsters?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And he was made a business agent?

Mr. KAPLAN. Yes.

Mr. KENNEDY. Had he practiced or do we have any information that he had been practicing at the trade for 2 years prior to being made a business agent, as the constitution provides?

Mr. KAPLAN. As a matter of fact, Mr. Blumetti himself had testified before the Hoffman committee that prior to going into union work, that he had been a bartender and a part owner, and occasionally he said full owner of a bar and grill down in the Youngstown area.

Mr. KENNEDY. So this provision of the constitution in the case of Mr. Blumetti was waived; is that right?

Mr. KAPLAN. Very clearly.

Mr. KENNEDY. To allow him to be an official of the Teamsters Union?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. How long had he been out of the penitentiary when he became connected with that union?

Mr. KAPLAN. I think he was released in 1946, after serving a little bit more than 3 years, and he was paroled. At that time, he stated that he commenced working for his brother, in this bar and grill, and subsequently he said this was his bar and grill. There are some inconsistencies in his prior testimony.

Mr. KENNEDY. Now, what is his position at the present time, in local 410?

Mr. KAPLAN. He is a business agent, and I don't know what other official titles he holds.

Mr. KENNEDY. He works for these two Teamster Unions: No. 377, which we have just had testimony on, and local 410, which is the jukebox union?

Mr. KAPLAN. I think it might be noted, of course, that with reference to local 410, its headquarters are Cleveland, and this is only a branch of it, so I think he can only be a business agent.

Mr. KENNEDY. The headquarters are in Cleveland, and who is head of that?

Mr. KAPLAN. Now it is a Joseph Fontana, and a Joe Nardi. Mr. Presser resigned from that union in about 1955 to take over the presidency of the taxicab drivers, and also to take over several higher echelon offices, such as the Ohio conference and the joint State conferences, and council.

The CHAIRMAN. What official position does this witness have in local 377, at the present time?

Mr. KENNEDY. Business agent, I understand.

Mr. CHAIRMAN. I don't know that, sir.

The CHAIRMAN. Then, it is local 377 involved with this election?

Mr. KENNEDY. That is right. So there are two unions that we will be discussing now, 410 and 377.

Mr. KAPLAN. I might point out Mr. Blumetti did at one time testify that he had been elected a vice president of this union, up in Cleveland, at a meeting in Cleveland, of local 410.

Mr. KENNEDY. Would you tell us how this union operates and as I understand it from information we received it has approximately 100 members in the Youngstown area.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Could you tell us what we have found so far as the money that is paid into this union?

Mr. KAPLAN. Yes, sir, this union just as with Mr. Presser, we had some prior testimony on that; collects moneys on two bases. The first is for dues from the employees, and the second is based upon what they term an assessment, which is computed on the extent of the ownership of machines of the employers.

In other words, if an employer has 100 jukeboxes operating, the union assesses him \$1 per month per jukebox, which is paid directly to the union.

Mr. KENNEDY. How much would that mean in assessments, for instance, in the Youngstown area?

Mr. KAPLAN. Well, the cigarette machines are assessed at 50 cents per machine, and we have had some reliable estimates which we have tested as to the total number of machines under the jurisdiction of Mr. Blumetti's branch, and based upon our estimates and a conservative estimate, this would come to over \$50,000 a year just in assessments.

The CHAIRMAN. Just the assessments against the owners?

Mr. KAPLAN. Just the assessments against the owners; yes, sir.

The CHAIRMAN. And they collect dues then from the employees?

Mr. KAPLAN. Yes, sir, and additionally many owners are actually self-employed and so they are also made to be members of the union.

The CHAIRMAN. They pay dues and also pay the assessment?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. That is the take on the employers?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. I think an excellent example is seen in one of the father and son businesses down there, where the alleged employer is the father and he has his son working for him, and based upon the computation they pay to the union each month \$5 in dues for the son who is certainly the employee, plus another \$65 for the 65 machines this man had on location, which came to a \$70 a month payment for 1 employee.

Mr. KENNEDY. What is possibly the explanation of that Mr. Blumetti, that you receive such large amounts of money?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. The dues of this individual, because it is the only way this would be legal under the Taft-Hartley Act, is that this is made in a payment of dues, and so the dues paid by this individual employee that you just discussed, Mr. Kaplan, would be \$70 a month. Is that what you charge the employees, the members of your union?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Do you believe such rackets as that ought to be permitted in this country?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Would you recommend some legislation to stop it?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Would you recommend then that no legislation be enacted to deal with this sort of racketeering?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. Based on your estimate of about \$50,000 in these assessments, and how much do they have to pay in dues—

Mr. KAPLAN. I think it is \$3 a month for the people in the cigarette and industrial vending operations, and \$5 a month for the people in the jukebox industry.

Mr. KENNEDY. That would average about \$45 a month per member of your union, as far as dues are concerned, including the assessment and the dues under the categories of dues. That would amount to \$45 a month. Could you explain that to us, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. It says here under section 302 of the Taft-Hartley Act:

It shall be unlawful for any employer to pay or deliver, or to agree to pay or deliver, any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

It shall be unlawful for any representative of any employees who are employed in an industry affecting commerce to receive or accept, or to agree to receive or accept, from the employer of such employees any money or other thing of value.

And the fine is a fine of not more than \$10,000 or imprisonment for not more than a year, or both.

Can you give us any explanation of this, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Now, is this a union, Mr. Kaplan, actually helping and assisting the employees?

Mr. KAPLAN. We have many many statements from the people in the area, which indicate without doubt that there has been absolutely no concern with the employees, and indeed I think this could well be set up because when Mr. Blumetti first testified before the Hoffman committee about how he came into the union, he stated that—

The boys in Youngstown wanted to get into a local, and they come to me and ask me if I would represent them, and I said I could not represent them unless we had a charter, and I went to Mr. Presser and told him that I had the people and they would be behind me and if he wanted he could come down to the meeting and see exactly what we had. Bill said he would come down and he did.

But now, actually, this meeting which took place was a meeting of employers, and it was a meeting of the operators of vending machines and not a meeting of employees. It was at this meeting and a series of several others, at which the unionization took place.

Mr. KENNEDY. What is the union's primary purpose?

Mr. KAPLAN. Well, the purpose of the union very clearly from what it has done is to protect locations for the operators. That is to effect a restraint of trade in their favor, in favor of the employer.

Mr. KENNEDY. And these large sums of money are paid in to the union in order for them to finance pickets in case they are needed, and to pick competitors' stops; is that correct?

Mr. KAPLAN. That is true, except that very little money has been put out for it, and it is just a shakedown.

Mr. KENNEDY. Why would these people pay the money?

Mr. KAPLAN. Because they are afraid of losing locations if they don't pay it now. Initially there were some operators who apparently felt this was a good thing, and actually both Mr. Blumetti and Mr. Blumetti's lawyer at one of the early meetings with the cigarette operators, when they organized that group in 1951, told the operators that they were getting protection on locations.

Mr. KENNEDY. That was the purpose of the union, and the union is to protect the locations of the members of the association?

Mr. KAPLAN. Exactly.

Mr. KENNEDY. After the association had gotten into the union, then they have to continue to pay in order to keep their locations?

Mr. KAPLAN. Yes, because once they are in, they are at the mercy of the union.

The CHAIRMAN. It is kind of like a drug addict getting hooked, and they get hooked, and then they can't get out?

Mr. KAPLAN. They can't get out, and what happens is that then only a small group tend to be favored, so that the small operators and the small businessmen tend to get pushed out.

The CHAIRMAN. They develop a monopoly?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Was there considerable amount of violence initially in connection with this union?

Mr. KAPLAN. There were at least several reported instances of violence, and there were several instances where we could not tell. There was violence, and there were bombings and extensive bombings, and dynamite bombings, and broken windows, and acid poured on machines, and there were shotguns fired through the windows of locations which belonged to people who wouldn't go for Mr. Blumetti's scheme.

Mr. KENNEDY. Some of the jukebox owners testified against Mr. Blumetti back in 1953 or 1954, and were there some reprisals taken against those people?

Mr. KAPLAN. Yes, sir, there were.

Mr. KENNEDY. A number of them were expelled from the union?

Mr. KAPLAN. They were.

The CHAIRMAN. I see Mr. Blumetti kind of smiling. Do you want to deny any of this?

Mr. ALLDER. Is that a question?

The CHAIRMAN. Do you want to deny it?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. According to the information we have, Mr. Blumetti, outside of expenses, you took \$10,500 in the form of salary from this vending local in 1956. Is that correct?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us what you did for that money, when they only had at the most 100 members of the union and a good number of those were employers, and what you did for your \$10,500?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Does it keep you pretty busy taking care of 100 members of the union? Does it keep you pretty busy?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. And as I understand, that does not include expenses that you received, and then you received another \$8,780 in 1956 from the local 377, is that correct?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us what you did with the rest of the money of that union, in the jukebox local, in Youngstown? Would you tell us?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Do you make a split with this Mr. Presser?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. What is his part of the shakedown, would you tell us?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Was it a prerequisite for you to be made head of this union and to be brought in by Mr. Presser, that you have your criminal record, of a conviction of white slavery?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. We also found that he is an associate of some of the underworld figures in the Youngstown area?

Mr. KAPLAN. Yes, sir; during one of the instances of violence which you referred to before, one of the operators who refused to go along with Mr. Blumetti because he would not form an association and then sign up with the union in his area, in which he was operating, had a couple of sticks of dynamite tossed into his front yard. Because his partner was an expert on explosives he was able to quickly decap it and they did decap it and they rewrapped it and they went down to Youngstown and went into see him and they had rewrapped it in the original paper and tossed it to Mr. Blumetti, and from the reaction they are very certain that Mr. Blumetti knew what was in that package.

After that they had some conversation and Mr. Blumetti assured him that he claimed he knew nothing about this dynamite, but that he would pass the word along to people who did so that there would be no more of this same thing going on and in return for which the people would join the union and further they were to give back certain locations that they had gotten by competition to a member who was already affiliated with Mr. Blumetti, and otherwise conform with Mr. Blumetti's rules on how competition was to go.

Then one of the other operators who had testified against Mr. Blumetti at the Hoffman hearing had been dumped from the union as a result, and his locations were declared open and among the group that were taking his locations were a group of notorious racketeers in the area who went around to taverns saying that the tavern owner should change the person who had the machine in there to one that was favored by Blumetti's union.

Mr. KENNEDY. Some of the individuals, such as Mike and John Farrah, have close underworld connections in Youngstown?

Mr. KAPLAN. That is a very notorious gang that controlled most of the underworld activity in Mahoning and Trumbull County.

Mr. KENNEDY. You are an associate of theirs?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Frank Imburgia? Are you an associate of his, Mr. Blumetti?

Mr. BLUMETTI. Excuse me, Mr. Kennedy.

Mr. KENNEDY. Mr. Frank I-m-b-u-r-g-i-a?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. You may stand aside.

The committee will stand in recess subject to call of the Chair.

(Whereupon, at 12:05 p.m., Tuesday, December 9, 1958, the hearing recessed, subject to the call of the Chair.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, FEBRUARY 10, 1959

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.

Present: Senators John L. McClellan, Democrat, Arkansas, and Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter De Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Church.)

The CHAIRMAN. The Chair will make a brief opening statement as we begin this series of hearings.

The Senate Select Committee on Improper Activities in the Labor or Management Field today proceeds to a study of the coin-operated machine industry.

The majority of the persons in this field are, we believe, honest, legitimate businessmen and workers. However, they have frequently found themselves hampered and restricted by arrangements between competitors and by unscrupulous union officials. Also, to an increasing degree, they have been forced to deal with racketeers and to pay tribute to them for the right to stay in business.

Now, in part, this hearing is a further extension of a study embarked upon by the committee last June when we began to look into the impact of the infiltration of the national criminal syndicate into labor and management activities.

In hearings already held by the committee, we have had testimony concerning labor and management connections with the gangland figures who attended the meeting at the home of Joseph Barbara in Apalachin, N.Y., on November 14, 1957. We have also looked into the pernicious effect of racketeers on the Detroit overall and Chicago restaurant businesses.

This current investigation will likely be one, however, of the most important we have undertaken with references to the hoodlum effort

to achieve legitimacy through association with unions and business enterprises.

The coin-operated machine industry in this country is of great importance. In speaking of this industry we are prone to focus on jukeboxes, and there are, indeed, an integral part of the industry, with more than half a million currently in commercial operation today.

There has been no valid estimate made of the enormous profits reaped in controlled areas by these machines for their owners, operators, and distributors. There has, however, been in recent years a trend toward selling more and more goods and services through machines, and these, too, have been targets for racketeer control.

The revenue from these machines which sell goods and services, exclusive of pinball machines and other amusement devices, reaches a figure of some \$2 billion a year in this country.

The stakes, therefore, in achieving control of this industry are very high, indeed. It may be asked what makes the coin-operated machine industry such an attractive target for underworld figures?

First, the lucrative nature of the business itself; second, the fact that much of the business is conducted in cash and presents an excellent opportunity for the concealment and use of illicitly received revenues from other enterprises such as gambling, prostitution, and the sale of narcotics; and third, the very nature of the business which makes establishments in which these machines are most commonly placed subject to outside pressures.

In attempting to achieve control over the industry, racketeers have found it necessary to insure what they like to call stability. But stability' however, in their parlance, has come to mean monopoly. This stranglehold on the industry has been attempted through collusion between employers and associations with labor unions, some of which have been created for the sole purpose of acting as an enforcement area. The businessman who tries to oppose this combination frequently finds an organized drive started against the establishments with which he does business.

The ease with which some of these unions were created—not only locals, but entire internationals—the self-appointment of officers and organizers and the purposes to which these unions have been put, is of keen interest to this committee, because their obvious purpose has no relation to the legitimate labor objectives, and it should be pointed out that many segments of the labor movement itself have actively fought this type of union operation.

I understand that the International Union of Electrical Workers and several other internationals, have taken action against this kind of local union and its operations.

But among the witnesses that we shall have today will be racket figures from various parts of the country who have shown an interest in the coin-operated machine industry. That these underworld figures do come from widely scattered areas is no accident, because there is virtually no area in the United States in which they have not at least made an effort to gain a foothold in this industry.

In the subsequent days of our hearings, which we expect to last about 3 or 4 weeks, we will go back and analyze the problems of individual areas.

Of interest is the fact that while many of the faces will be different, the basic underlying methods of operation will be greatly similar. Senator Church, do you have any statement to make?

Senator CHURCH. I have no statement at this time, Mr. Chairman. The CHAIRMAN. All right, Mr. Kennedy, call the first witness.

Mr. KENNEDY. Mr. Arthur Kaplan of the committee staff, Mr. Chairman.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KAPLAN. I do.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

The CHAIRMAN. State your name and your present employment.

Mr. KAPLAN. Yes, sir. Arthur Kaplan, a member of the staff of this committee, sir.

The CHAIRMAN. How long have you been a member of the staff?

Mr. KAPLAN. Since May of 1957, sir.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Kaplan, you are an attorney?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And a member of the bar in New York and Oregon?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. As well as the Federal courts; is that right?

Mr. KAPLAN. That is right.

Mr. KENNEDY. From the period of 1952 to the early part of this year, have you spent the majority of your time studying the coin-operated machine business in the United States?

Mr. KAPLAN. Yes, sir; I have, with various Government agencies and in different parts of the country.

Mr. KENNEDY. What other Government agencies have you been with?

Mr. KAPLAN. The Federal Trade Commission, the State of Oregon attorney general's office, and this committee, and the Internal Revenue Service.

Mr. KENNEDY. How many different cities have you gone to, to make a study of this industry?

Mr. KAPLAN. Personally I have gone to at least a dozen and a half, possibly more.

Mr. KENNEDY. Now, could you tell the committee whether we have found an unusually large number of underworld figures in this industry?

Mr. KAPLAN. Yes, sir. One of the very significant characteristics of the entire industry is the permeation of racket figures in it. No matter where you go, you are almost certain to find that leading operators in various areas are hoodlums, and they are people with racket connections and they are people with police records.

This is not true about the majority of the operators in each area, but it would be true in many, many places about the leading people in the area, or the people having the so-called "cream" of the business.

The CHAIRMAN. I think we ought to state right from the outset that we do not condemn this as a business, as an enterprise, and that it is legitimate, and particularly vending machines are a legitimate way of selling merchandise. There is no condemnation of the thing of itself. It is only in those areas where hoodlums and racketeers and disreputable characters have infiltrated and taken over and dominate and control it.

Mr. KAPLAN. This is exactly true, and one of the big problems we find is that in many of the metropolitan areas, reputable businessmen who have been in the industry for many many years are just throwing up their hands and getting out, because they cannot do business on the terms they have to compete with people who have hoodlum connections.

The CHAIRMAN. I just wanted to bear that in mind throughout, that there are a lot of good people and honest people and it is a legitimate business in many areas and so conducted that there is nothing wrong about the business itself. But it has become an attractive enterprise for hoodlums and racketeers to infiltrate, and in many areas they have succeeded in doing that.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Now, Mr. Kaplan, what are the four major categories of coin-operated machines?

Mr. KAPLAN. The industry breaks down pretty well into the arcade and amusement devices, some of which are right here. This might also include some of the gambling devices along with the amusement. There is the jukebox business which is a large segment of the industry and furnishes a service, and the merchandise vending, which furnishes goods and services and ranges from cigarettes to charcoal, and to ice, and to almost any number of things which go through machines today.

In effect, it is a very significant aspect of the business and of the economy now and potentially because it represents automation that is coming in the retailing of goods and services.

I think for this reason also that exponent of the business has become increasingly attractive to the more enlightened racketeers who know a good thing, and they are rapidly going in.

Mr. KENNEDY. Actually, and there are also, of course, gambling devices per se?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. You have gambling devices and amusement machines and jukeboxes and then the automatic merchandisers of goods and services?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Is this a major industry in the United States?

Mr. KAPLAN. Well, it certainly is in terms of the amounts of money that are concerned.

For example, in jukeboxes alone, you have well over half a million jukeboxes on location, and with conservative estimates we believe that something like over \$300 million a year goes through their slots. In the merchandising vending field, you have at the retail value of the items, well over \$2 billion worth of goods going through those machines during the past year.

Mr. KENNEDY. And as far as the gambling devices, of course that is several billions of dollars, is it?

Mr. KAPLAN. It is several billions of dollars, and some of the figures we get are astronomical, but it is so hard to verify because of the element of person involved.

The CHAIRMAN. As I understand, the \$2 billion applies to just the vending machines?

Mr. KAPLAN. That is just the actual merchandise.

The CHAIRMAN. What the merchandising machines handle.

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. I wanted to get that in the record.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And we will have some testimony shortly on the amusement devices as to what the income generally throughout the United States is on that?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Do we find that there are connections often between those who manufacture the jukeboxes and the manufacturer of pinball machines or some of these other kinds of operations, and could you tell us a little bit about that?

Mr. KAPLAN. There is an interrelationship of product by many of the manufacturers. You find jukebox manufacturers are making cigarette machines, and portable washers and various other things, and a major jukebox manufacturer is today allied with one of the major vending machine manufacturers, and vending machine operating companies. You find that the amusement manufacturing companies make a great variety of products, which will also include gambling equipment.

Mr. KENNEDY. Do you have some specifics on the latter?

Mr. KAPLAN. Well, specific companies, you mean?

Mr. KENNEDY. Well, specific situations where we have found that a company that is manufacturing some of these amusement devices also goes into the gambling equipment?

Mr. KAPLAN. Yes. The Bally Manufacturing Co. manufactures various kinds of amusement devices, and also manufactures gambling equipment.

Mr. KENNEDY. What is the first company?

Mr. KAPLAN. B-a-l-l-y.

Mr. KENNEDY. Where is that company?

Mr. KAPLAN. That is located in Chicago.

Mr. KENNEDY. What is the second company?

Mr. KAPLAN. The Lyon Manufacturing Co. And the third was the O. D. Jennings Co.

Mr. KENNEDY. What does O. D. Jennings Co. manufacture?

Mr. KAPLAN. They manufacture various kinds of amusement devices and arcade equipment and also gambling equipment.

Mr. KENNEDY. And the transformation from an amusement device to gambling equipment then is very easy; is that correct?

Mr. KAPLAN. Well, it is easy both at the manufacturing level and at the operating level, and indeed we find at the operating level it is very clearly used as a cover for gambling operations.

Mr. KENNEDY. Now, do we find that not only is there an infiltration of gangsters and hoodlums into some areas of this business, but also the fact that there is often a very close relationship between so-called unions and employers in some areas of the country?

Mr. KAPLAN. Yes; that is a very close relationship.

Mr. KENNEDY. Now, Mr. Chairman, we have some charts here which will explain the terminology that we are going to be using during the next 3 or 4 weeks, and I think it would be well to get it clarified right at the beginning.

The second point that we would like to make with these charts is the relationship that the union has with the manufacturers, and with the distributors, so that we can get that. That is what we are going to be dealing with during the period of the next 3 or 4 weeks.

So, Mr. Kaplan, will you explain the various charts that we have, showing the manufacturer and the distributor and the operator, and then the location? These are the four basic elements with which we have had to deal; is that right?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. The manufacturer, the distributor, the operator, and the location?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. Identify the chart. What do you term it?

Mr. KAPLAN. Yes, sir. We term this chart an outline of the structure of distribution in the entire coin machine industry. It is common to all the different components we just mentioned, such as arcade equipment, amusement equipment, vending machines, jukeboxes.

It shows how the machine gets from its initial manufacturer to the point where you or I would put a nickel into it, or a dime, or whatever, to get the product.

The CHAIRMAN. Did you prepare the chart, or was it prepared under your supervision?

Mr. KAPLAN. Yes, sir. It was prepared under my supervision.

The CHAIRMAN. That chart may be made exhibit No. 4.

(Chart referred to was marked "Exhibit No. 4" for reference and will be found in the appendix on p. 16925.)

Mr. KENNEDY. Mr. Kaplan, first getting into the manufacturers, what are some of the manufacturers?

Mr. KAPLAN. Well, I will just detail some of the manufacturers of amusement devices. In the jukebox field, for example, we have Rockola, Seeburg, AMI, United.

Mr. KENNEDY. They would fill the top list?

Mr. KAPLAN. That is correct. These would be manufacturers up here [indicating]. For purposes of simplification, these lines, the result of the rest of that distribution pattern would be equally the same for each of these persons, but in order not to have a crisscross we concentrated on manufacturers.

The CHAIRMAN. In other words, the lines from B to the distributors indicated are the same lines to apply to A, B, C, D, and E, to other distributors?

Mr. KAPLAN. Yes, sir. Each manufacturer would have a distributor in each of these different cities.

Mr. KENNEDY. This is a chart which would be applicable not only for the distribution of jukeboxes, but also of pinball machines?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. That is, in this kind of an operation. Go on to the next.

The manufacturer makes a machine. Now explain how he gets it to the distributor and what the distributor does.

Mr. KAPLAN. The manufacturer sells to a distributor. In every instance, the distributor is franchised by the manufacturer, just as a car distributor is franchised. He will not—in well over 90 percent of the cases—handle that type of product from any other manufacturer. In other words, if he is a franchised distributor for the Seeburg jukebox, the distributor in New York will only handle the Seeburg jukebox.

He may also handle a cigarette machine made by somebody else, or a pinball machine made by another factory, but insofar as that particular item, only that one is handled.

Mr. KENNEDY. He operates in a particular area?

Mr. KAPLAN. Yes. His franchise embraces a territorial allocation, and he is only supposed to sell in that area. He, in turn, then sells his jukebox, or his vending machine, or what, to people that are known in the trade as operators.

These are people who put those machines on what are termed locations, the location where we see it. This would be a bar, a grill, a tavern, a restaurant, a bus depot, wherever the public will come in contact with it and use its goods or its services.

It is when it hits this level that you find a distinction because from the manufacturer to the distributor you had a sale, and there was a passage of title. From the distributor to the operator you had a sale and there was a passage of title.

Senator CHURCH. Is there always a sale, Mr. Kaplan?

Mr. KAPLAN. No, sir.

Senator CHURCH. I mean at the manufacturer and distributor levels are there always sales, or do any of them engage on a leasing basis?

Mr. KAPLAN. Well, some of the distributors do this, but we will explain why they do this. This has particular significance in the industry.

But this is what is the normal pattern in the way it is generally supposed to be. The operator, however, does not sell his machine to the location where we see it. He leases it, or he puts it in there on a percentage of the money that goes into the slot.

The advertisements always say, "We install these free," and then they may go on to say "on a commission basis." But this is also significant because it is virtually impossible for anybody to buy such a machine, if you or I were to decide that we could handle the servicing of that machine ourselves, just as we might or might not handle the servicing of a car or refrigerator.

We would find that we could not buy it as an actual fact. We have to lease it. This is all part of the pressures coming from the operator which, in turn, they can put on the distributor to not sell to the individual. There is just no question about this. People are just unable to buy those machines.

This, in effect, helps to keep at least that part of the operation a monopoly for those particular businessmen.

The CHAIRMAN. Let me ask you: The same lines that are drawn from Chicago to the operator would apply to New York, Detroit, and other cities?

Mr. KAPLAN. Yes, sir. It would be precisely the same sort of thing, but this is only this way for purposes of simplification.

The CHAIRMAN. That is just for purposes of illustration on the chart.

Mr. KAPLAN. Yes, sir. Then you would have the same sort of operators. You might have more or less, depending upon the city, and also depending upon extent of control. That we will indicate in a subsequent chart.

The CHAIRMAN. You will explain it further, but actually the operator—well, it works out that he gets a monopoly on these machines in a given area?

Mr. KAPLAN. A group of operators; yes, sir.

Mr. KENNEDY. Do you want to go on with the second chart?

Mr. KAPLAN. Yes, I think we might. This chart—

The CHAIRMAN. All of these charts were made under your supervision?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. And you propose to introduce them?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. This chart may be made exhibit 4A.

(Chart referred to was marked "Exhibit No. 4A" for reference and will be found in the appendix on p. 16926.)

Mr. KAPLAN. This chart brings down to the city focus what we have just seen as a national pattern of distribution, so that now in City X we have representatives of each of, say, the five manufacturers, and then we now see what would be their objectives and their techniques for selling their machines.

Under a normal, free competitive setup, each distributor will attempt to sell his particular brand of machine to each of the operators who, in turn, are putting them on locations. In other words, this distributor is going to try to sell to this man, this man, to this man and this man. He will be in competition with this man who is trying to sell his product to these men.

In turn, the operators will, among themselves, be competing for the right to put those machines on locations. So we will find that this operator [indicating] has a location here [indicating] and that the operator over here [indicating] will be attempting, by inducements, better service, better machines, new machines, or whatever else in their normal competitive system, will attempt to get this business for himself.

So you get the locations being in the position of being able to demand better services and better goods and products from the operators who service them. However, you don't actually find this condition to exist.

Mr. KENNEDY. Explain about the group on the right, would you please?

Mr. KAPLAN. Yes. The one usual exception to this whole free enterprise economy would be the man we have listed here as the hoodlum operator. There may be two or three hoodlum operators in a town of any significance. But they are never bothered and nobody ever hits their locations. Nobody attempts to solicit them or to otherwise take them away.

They are just always well ordered, well taken care of, and well allocated. Nobody ever goes there. These locations, once they are gotten, are themselves in a captive position. They are unable to decide that

they don't like the machine, they don't like the service they are getting, they don't like the commission rate they are getting or anything else. Once they are captured, we find that——

The CHAIRMAN. Once the location owner or operator gets involved with the racketeering element, then he becomes a captive?

Mr. KAPLAN. Absolutely.

The CHAIRMAN. His operation becomes a captive. He is not free to go out in this area of competition and to select and demand better service and a better type of machine, even?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. I guess this will be developed, but how is the racketeer able to hold that kind of control over this number of operators that he may have, or locations that he may have?

Mr. KAPLAN. Well, I think the evidence coming into the hearing will indicate the various techniques.

The CHAIRMAN. There will be evidence to show how they are able to hold them captives and how they are able to enforce this monopolistic control?

Mr. KAPLAN. Yes, sir.

Additionally, not only are these locations unable to go forward and call up other businessmen or operators to get a different service or get a different operator, but these operators will not come in and solicit this man's location either.

So in effect, even if you had a location who unknowingly or unwittingly dealt with this hoodlum company, and then decided he didn't like what he was getting, when he starts to call up to get other services he is just going to get negative results. Nobody is going to come in there.

This gets very widely known in a particular area, because it is a relatively small type business, even in places as large as Chicago, New York, or Los Angeles, perhaps, or San Francisco. Even in the very largest centers, the news travels very fast. Everybody knows who the other guy is.

Mr. KENNEDY. The ability of the underworld to keep locations is one of the main attractions that this business has to the underworld?

Mr. KAPLAN. Yes, sir. Not only is it a main attraction from that viewpoint, but the fact is that they can make choices as to what are called the cream locations. They don't want all the locations, but only the good locations, the ones that produce a lot of revenue.

Additionally, what we have found, and we have studied this going back as far as 20 years in some cities, there is a continued nibbling away at the other locations of businessmen who secured them by good services, by normally competitive processes.

The CHAIRMAN. In other words, in another location not in that group, if it develops a good business they undertake to move in and take over?

Mr. KAPLAN. That is exactly right.

The CHAIRMAN. They wait until it gets developed and then by their strong-arm methods attempt to take it over?

Mr. KAPLAN. Frequently it is not even by strong-arm. It is just a method of coming in and announcing who they are.

The CHAIRMAN. Well, that is strong-arm.

Mr. KAPLAN. It has the implication; yes, sir.

Mr. KENNEDY. There is no one more vulnerable to that than the location owners?

Mr. KAPLAN. As a practical matter that is very true, because most locations are in places like taverns where they want entertainment or whatever, and these people are always vulnerable to these things.

Mr. KENNEDY. They are subject to local pressure, either by the underworld strong-arm methods, the use of a name, or even political pressure?

Mr. KAPLAN. Yes, sir, because they have so many different things that have to be licensed, even by the absence of a union, such as the water, the health, the way they dispense services, whether they keep closing hours, or whether they serve liquor to minors. There are any number of things by which they can be easily pressured.

Mr. KENNEDY. And many of these hoodlums that operate in these cities have political connections whereby they can bring pressure on these locations?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Please explain the next chart.

Mr. KAPLAN. During the development of this industry——

The CHAIRMAN. You are now presenting another chart?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. That may be made exhibit 4B.

(Chart referred to was marked "Exhibit No. 4B" for reference and will be found in the appendix on p. 16927.)

Mr. KAPLAN. During the development of this industry, the operators discovered that the way they would best maximize their own profits and achieve certain objectives, and their objectives are to keep out other operators, to give minimal service to locations, to keep locations from changing operators so they don't have to keep moving machines, to pay the lowest possible commission rates, in other words, to restrain competition in their own favor, this is not necessarily the hoodlum operator, but it is the businessman group that has sought to monopolize the business in the particular areas.

They have found that if they organized into an association, they would have an agreement among themselves not to solicit each other's location. They would try and allocate trade territories within the city or in the area in which they operated, and just agree, "We won't go to your location; you don't go to ours."

Then if the location decided he was unhappy with the kind of service, they also agreed that they would not furnish that service to a location that requested it if it "belonged" to somebody else.

The CHAIRMAN. Who organizes the association—the distributors or operators?

Mr. KAPLAN. This has generally been organized by operators. Usually it will be the largest operators in the area who seek to freeze what they have. It is obviously to their benefit to keep everybody else out.

Mr. KENNEDY. And they have an agreement. They furnish the names of their locations to one another?

Mr. KAPLAN. Yes.

Mr. KENNEDY. And then they have an agreement that they will not go in, one will not go in and attack the other man's location?

Mr. KAPLAN. Right.

Mr. KENNEDY. Then they have a further agreement that they have sort of a governing board which, if somebody does go in and try to take somebody's location, that they will meet on that and they will assess a penalty against the operator who happens to go into somebody else's location?

Mr. KAPLAN. Yes.

Mr. KENNEDY. And the penalty can be up to 10 times the cost of the location?

Mr. KAPLAN. Yes. It is very substantial.

Mr. KENNEDY. Some very substantial penalty against the person who breaks this agreement?

Mr. KAPLAN. Yes.

Mr. KENNEDY. The result is that the industry is supposed to be stabilized; is that right?

Mr. KAPLAN. "Stabilized" is the phrase usually used.

Mr. KENNEDY. Go on.

Senator CHURCH. Let me ask this question: This is a kind of cartel arrangement, then, frequently?

Mr. KAPLAN. Yes, sir.

Senator CHURCH. Does the operator have, as one of his devices, an opportunity under the lease with the individual tavern or bar, as the case may be, the right to withdraw these machines? Is that in itself a threat to the business because of the numbers of people who expect to find machines there, who come there for that reason?

Mr. KAPLAN. That is an excellent point, sir. It certainly is. These are almost always verbal agreements. In the last several years they have tried to put in written contracts to protect their locations against infiltration, but these are not practical. They cannot enforce them in the courts, really.

It would cost too much to do with the cost of the location involved, the profits. But what happens, actually, is that it is an agreement whereby the operator will pull his machine out just if he decides to pull it out. They will sometimes do this to a location which is not conforming. More significantly, if a location demands that they take their machine out, the other operators will refuse to come in and give him service which, in effect, coerces him into keeping what he has.

They will do it under what they like to think are reasonable restraints because they all, of course, have access to lawyers in their various areas. They might agree amongst themselves that they will not furnish new service for 90 days. The way they arrange this is when they set up an association, they will have an office and they will have an office girl. Everybody is supposed to list the machines with the office. They call these location lists, or courtesy lists, or experience lists.

They sometimes cover these by saying, "These are credit experience lists and that is why we want our other friends to know this so they will not go into a tavern where they have a poor credit experience." This is not actually true.

In turn, when an operator gets a call from a tavern or location requesting a machine, he will call the association and ask for a clearance before he will put his machine in. If this is a location which another member has just left, then he will not go in until the cooling-off period is taken care of.

They will also function to settle grievances between the operators and allocate who should have had a right to that location.

Mr. KENNEDY. There are really seven major considerations for these operators getting together like this, are there not?

Mr. KAPLAN. Yes.

Mr. KENNEDY. No. 1 would be so that they wouldn't have to buy new equipment?

Mr. KAPLAN. That is right.

Mr. KENNEDY. They can stabilize it and wouldn't have to compete with one another to buy new equipment?

Mr. KAPLAN. Yes, sir. If they don't have to buy new equipment, they keep the old equipment on the location. The equipment does not wear out. It does not wear out in the time they normally change it.

Mr. KENNEDY. No. 2, they can give a minimal service to the location because the location can do nothing about it?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. No. 3, they can pay the lowest commission rates to the location owner, because the location owner again can't do anything about it if he wants to get a pinball machine or jukebox?

Mr. KAPLAN. Precisely.

Mr. KENNEDY. No. 4, they can preclude ownership location by the location owner. He cannot own his own machine by having this arrangement?

Mr. KAPLAN. That is it exactly.

Mr. KENNEDY. He cannot go to anybody else to buy the machine?

Mr. KAPLAN. Yes. They pressure the distributors by saying "We are your best customers. If you sell a machine to a location, that will put us out of business. Don't do it. That will put us out of business and we will not buy your machines." This goes all down the line.

Mr. KENNEDY. And the broad category is that it keeps the location from changing operators, which is stability.

Mr. KAPLAN. Yes.

Mr. KENNEDY. No. 6 is that you can keep out more operators?

Mr. KAPLAN. Yes. That is this group here [indicating].

Mr. KENNEDY. That is just what you are going to explain now?

Mr. KAPLAN. Yes.

Mr. KENNEDY. No. 7, he can fix the consumer price?

Mr. KAPLAN. Yes. The consumer price would be a nickel or dime that you put into the machine to get what it dispenses.

Mr. KENNEDY. There is no competition. They can charge whatever they like?

Mr. KAPLAN. Precisely. This has happened in many cities. Suddenly, by agreement, all machines become dime machines. This would be thousands of machines.

Senator CHURCH. All of these advantages would be advantages that naturally accrue when you eliminate competition?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Explain the next point.

Mr. KAPLAN. There are two things which the operators try to do which they are not able to do with an agreement among themselves in an association. They have what in the trade is termed "outlaw operators." These might be people who believe that they can go into

the business and they buy several machines. Usually to be termed an operator in the business you have to own five machines. If you own five machines you become an operator in trade terminology.

The CHAIRMAN. The same number as we have present here; is that what you mean?

Mr. KAPLAN. Yes, sir. We are in business, I guess.

The CHAIRMAN. All right.

Mr. KAPLAN. They term these people outlaw operators. They don't want them coming into the business, because they will add to the necessary split. Even with the growth of cities and towns there are usually only a certain number of available locations.

They will want to keep these for themselves. So the more operators, the thinner the spread and the thinner the break. In an effort to keep the fellows out, of course, they use various techniques, such as pressures on the location, but they are not always able to do this, so these fellows come in and start to hit their locations offering greater inducements.

In other words, these fellows are bringing back competition. They can't control that because these fellows will not make agreements with them, and they are not in the association. Also, frequently these will be so-called part-time operators who will be working in a factory or somewhere else, and servicing maybe 5, or 10 machines at night, and this they can afford to do at a lesser rate than these other fellows coming in.

The second thing that they are unable to protect against with the operator association is the forced sale to them of new equipment. The interest of the manufacturer and distributor, of course, is to sell new equipment every year, and the more of it the better. The interest of the operator is to not buy new equipment. They will frequently agree among themselves not to buy new equipment or perhaps just to buy equipment from a particular distributor.

The distributor, in order to get around that, forms what he terms a whip company, which we have indicated with the rod and the arrow. This is a dummy operator which is, in effect, a subsidiary. When he becomes an operator, he sets up a company and sends salesmen around to the different locations.

Senator CHURCH. What is the term of that again?

Mr. KAPLAN. A whip. That is to whip the boys into line so that they buy the machines they are supposed to. He sends his salesmen around from this dummy company to the different locations owned by particular operators. They will usually pick the largest operator in the particular area, and they will usually pick the cream locations of those operators.

They can tell these very easily. They know what the play is. They will go into that location and offer any kind of inducement. They will put the machine in free and let the man take all of the proceeds for the first month. But even the mere fact that they are offering a new machine at the same commission rates or the same service makes it more attractive to the location. The location says, "This is fine. Take out the old one."

So this man is back in the position where he has to remove his machines.

When this is successfully done, and perhaps four or five machines are placed in locations belonging to several leading operators of the

association, the distributor will call up the operator and say, "Would you like to buy some new machines? They are already on location—your location."

This is generally effective, and they buy the machine, and this is how they are able to force equipment.

In order to perfect a defense against these two techniques, we go on to the next chart.

Mr. KENNEDY. We still have the gangster over on the right.

Mr. KAPLAN. Nobody touches him, and he just stays all of the time, and he grows.

The CHAIRMAN. This next chart you are presenting will be made exhibit 4C.

(Document referred to was marked "Exhibit No. 4C" for reference, and will be found in the appendix on p. 16928.)

Mr. KAPLAN. The most successful defense that has been set up against these two people is the labor union, because the labor union can actually throw its protection around the location.

Now, for example, if the outlaw operator decides to solicit, a location belonging to this now-unionized operator, he will find that, assuming the location owner is naive enough to take his machine there, there will be a picket around that location. Of course, no matter how much a machine brings in, it is not worth its profitability to the location owner to lose his beer and lose his milk and food supplies, or even just to have a picket going up and down. But primarily because he is boycotted in getting his supplies for his business.

The rationalization for picketing the locations that the machine is then not being serviced by a union employee.

The same thing happens here: You will find the distributor is then in the same position and he goes out to solicit locations but he is not able to provide a machine that will have a union sticker on it. As a consequence that location is immediately vulnerable to a picket, and once that happens the location changes its mind, and it doesn't want his machine, whether it is new or whatever else.

Mr. KENNEDY. We have found in a number of areas where these people cannot get into the unions; is that not correct?

Mr. KAPLAN. That is right.

Mr. KENNEDY. They are not allowed in the union?

Mr. KAPLAN. Exactly true.

Mr. KENNEDY. And if the association will not accept them, the union will not accept them?

Mr. KAPLAN. Yes.

Mr. KENNEDY. And we found in most areas that the union is set up under the direction and control of the association, in a great number of areas?

Mr. KAPLAN. I would say in every area we have had an opportunity to explore, we have never found a union that resulted from employee pressures or employee desires to be unionized, nor have we ever found that the union has ever done anything for the employees.

Mr. KENNEDY. This has all been set up by the employers themselves?

Mr. KAPLAN. In every instance, it is at best a captive labor union.

Mr. KENNEDY. Now sometimes these two operators out here on the side, they will set up their own union; is that not correct?

Mr. KAPLAN. That is correct. In an effort then, you see, to also be able to provide a machine with the union label, which is the key to the policing of the locations, they will subsidize their own independent union and the distributor will subsidize one. We had some testimony about this when Mr. Cammarata was here.

Mr. KENNEDY. And that union setup by these independent operators will then start to picket the unions set up by the association operators.

Mr. KAPLAN. Yes.

Mr. KENNEDY. And you might have two sets of pickets picketing the same location?

Mr. KAPLAN. Yes, and we have also had an instance where we have had one union picketing another union, actually at its union headquarters.

Mr. KENNEDY. Then the union which is going to control that is the union which has the roughest backing behind it, the group that has either the greatest centralized power or the greatest number of gangsters behind it?

Mr. KAPLAN. Yes, and in many instances these independent unions have been knocked out purely by a show of hoodlum force.

The CHAIRMAN. The one who has the firstest and the mostest; is that right?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And we found a situation over the period of the past 10 years where you used to have electrical workers unions, or some of these other unions, that they are gradually going now into the Teamsters Union?

Mr. KAPLAN. Yes. It is a very definite trend right across the country, and you will find for one thing, reputable unions have realized in many instances that their locals have been used, when they have granted charters unknowingly, and they have rejected these people and they wanted nothing further to do with them. They have stated many times that at first the few employees that are in this business don't need unions, and the peculiarities of the business are such that they are well paid. They are well paid because there are very few employees that are concerned with a vending operation.

Secondly, we find that a great number of the people in the business are self-employed, and as a consequence it is not a real problem to pay these people relatively well in order to maintain a good relationship with their own employees. I don't think we have ever found an instance where the union scale was in reality equal to, much less above, what was actually being paid to the men at the time that the union agreement might have been signed.

Mr. KENNEDY. And so that generally it has been also a characteristic that we can label these unions that are associated with this industry as racket unions, not only that they might have a racket figure at the head of it but the fact that they are unions that are formed not in the interests of the employees but in the interest of the employers.

Mr. KAPLAN. I think we can show that in every area where we have had the opportunity to investigate.

Mr. KENNEDY. Another characteristic, or let us go through some of the characteristics of this kind of union.

No. 1, there are top-down contracts, and the employees are not consulted.

Mr. KAPLAN. Not at all.

Mr. KENNEDY. And often it is just a sweetheart contract, and the terms of the contract mean nothing.

Mr. KAPLAN. They have no relationship to the employee benefits.

Mr. KENNEDY. And it is a limited membership?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And often the membership is made up of employers as well as employees?

Mr. KAPLAN. Yes, it is, and in every case it is made up of self-employed operators as well, that is businessmen who are in business for themselves, but are forced to join the union so that they will not lose their locations.

Mr. KENNEDY. No. 3, you would have a grievance board that is set up so that the servicing will be provided by the union where one operator happens to go in and jump the location for another operator?

Mr. KAPLAN. That is true.

Mr. KENNEDY. And this is all operated, or the grievance board is operated through the help and assistance of the union?

Mr. KAPLAN. Yes; and, significantly, they term it the "grievance board," but it is not a grievance board normally known to unions. That is, it does not arbitrate grievances between an employee and an employer. It arbitrates grievances between two operators fighting for locations.

Mr. KENNEDY. Then there are the location lists, and the operators provide their location lists to the union, so that the union will know who is entitled to service.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. When we say "service," we mean the right to ask for pickets to go out and help or assist them if an outside operator comes in and tries to jump to location?

Mr. KAPLAN. That is exactly right.

Mr. KENNEDY. Then, there are these labels that are placed on machines, they always work with labels; is that not right?

Mr. KAPLAN. Yes.

Mr. KENNEDY. That is a fifth characteristic.

Mr. KAPLAN. Yes, and there was a carryover actually from the association technique, because due to the great numbers of locations that will be in an area, it is hard to walk into a location and see whether it has the proper operator. If it has the union label on it, and/or the association label, then that is a persona grata machine. If it does not, then the pressure is immediately put on the location owner, "Either get a new operator or we put a picket in," and they do put a picket in.

Mr. KENNEDY. So that gave them an easy way to identify the machines?

Mr. KAPLAN. Precisely.

Mr. KENNEDY. Now, a sixth characteristic—

Mr. KAPLAN. If I might add on the union label, in many parts of the labor movement a union label is used to induce patronage of union-made goods and services, and they rationalize the use of the union label here. But to meet this argument I think it is very clear first, that very few people using vending machines ever stop to look at that

part of it. But more significantly, we find that the operators themselves now being in a position where they have to declare their machines to the local, and additionally having to pay per machine to the local through whatever device is set up, will underdeclare the number of machines they do have on location so that he does not include in this declaration the locations that he is not overly concerned with, in an effort to save money, maybe 20 percent of their locations, and it is just patent that if having the union label there would induce patronage, they would be delighted to put that extra label on.

Mr. KENNEDY. No. 6, the employee's dues are ordinarily paid by the employer.

Mr. KAPLAN. Yes, and they are also paid by the employer, whether through a device directly or indirectly.

Mr. KENNEDY. Well, that is what it means?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And No. 7, there are unusually high dues?

Mr. KAPLAN. That is correct.

Mr. KENNEDY. For instance, when we had Mr. Cammarata here and Mr. Blumetti from Youngstown, Ohio, we found the dues were up to \$40 or \$50.

Mr. KAPLAN. They came to approximately \$70 per man.

Mr. KENNEDY. \$70 over what period of time?

Mr. KAPLAN. Per month. The dues per man in Cleveland is approximately \$50, and Detroit it is \$20.

Mr. KENNEDY. We will go into that later on, but we have had the testimony on these other two.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. That is another characteristic; and still another, an eighth characteristic, is the high expenses of these unions?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Very high salaries, and high expenses that come from operating and running the union?

Mr. KAPLAN. They have high salaries, and a number of hoodlums on the payroll.

Mr. KENNEDY. The ninth characteristic is the unusually high number of people with criminal records who are associated with the union.

Mr. KAPLAN. Yes, sir.

Senator CHURCH. Did I understand you to say at this point, Mr. Kaplan, that these protection associations masquerading as unions are trending into the Teamsters, into affiliation with the Teamsters Union?

Mr. KAPLAN. Very clearly, sir. As a matter of fact, in many, many instances with Electrical Workers locals, and that would have been the normal craft jurisdiction and had been for years, as a historical development, of either abdicated jurisdiction, or lost jurisdiction, and these locals have gone en masse into the Teamsters with clearly no evidence of election proceedings or any recourse to the employee desiring a change, but just suddenly a charter is issued and this whole group moves over.

Senator CHURCH. They are finding a home with the Teamsters.

Mr. KAPLAN. They are finding a home with the Teamsters, and in some instances to indicate that it is done purely at the management level of the union and/or the association we have interviewed people who are members of the union, and some of the employees, and they

do not even know what union they are in, and they have always thought they were members of the Electrical Workers, and had not been for 2 or 3 or 5 years.

Mr. KENNEDY. And then, of course, the Teamsters can be far more effective as far as closing down a location, because of the fact that they control transportation.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And they can stop the beer and the other deliveries to the location far more effectively than an independent union or the electrical workers union.

Mr. KAPLAN. More so. And as a matter of fact, one of now "big wheel" Teamster officials who took a vending machine local from the Electrical Workers to the Teamsters stated at one time under oath, "If you can't beat them, you have to join them, and this is the best way to do it."

Mr. KENNEDY. Now, we have found these people with criminal records that were associated with the union, and also with the industry, and this kind of an operation is set up; is that not correct?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Is it also correct that probably the top hoodlums and racketeers or members of the underworld in the United States over the the past 20 years have been in the coin-operated machine business?

Mr. KAPLAN. I think we could establish almost every major racketeer.

Mr. KENNEDY. Tony Accardo, and Frank Costello, and Longy Zwillman in New Jersey, and Jack Drogha?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Eddie Vogel, and Marcello from New Orleans and Meyer Lansky, as examples?

Mr. KAPLAN. Yes, sir.

I would just indicate since this machine is here, that at one time Frank Costello was reputed to be the largest coin-machine operator in the country. They were talking, however, about the slot-machine operations he had, one of which was down in New Orleans, and in Louisiana, and at that time he came into a connection with some political figures, and he put in a whole slew of machines, and these were made by Jennings.

In an effort to knock out some of the people, the local gamblers there, raids were initiated by the local sheriff's deputies to smash up the opposition's machines, but the sheriff's deputies were not sufficiently versed in the distinctions between the machines Frank Costello put in and the machines of his local competition, and so they smashed up a lot of Frank Costello's machines.

Immediately thereafter the machines were recalled and this Indian head was put on the outside of the machine, and all of the new machines that came in had that Indian head put on. So thereafter, when they had raids, the fellows would know which machines to smash and which machines to leave alone.

The CHAIRMAN. They wouldn't start a war with the Indians?

Mr. KAPLAN. No.

Mr. KENNEDY. Frank Costello's machines then had this Indian head on them?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. What is the reason that this industry has attracted members of the underworld?

Mr. KAPLAN. Well, there are several reasons. First, it provides an excellent opportunity to convert illicitly earned money to a reportable capital gain. For example, a man who has made money in narcotics and he also goes into the coin machine operation or jukebox route, he can go to a tavern which will be a relatively good tavern and induce that tavern to take his machine by giving him an under-the-table payment, and he will say, "Here is a \$500 bonus; I won't report it, and don't you report it."

This, of course, puts the location owner on a "bite" from there on out. Thereafter, after he develops a line of these, or a route, he can sell that after 6 months or after a year, and report his income from his jukebox operation, but his sale price will include the so-called goodwill which he has paid for under the table, but which he can now report as income, because he will increase the sale price beyond just the use of the machines for the value of the machines that are on that location.

Of course, the lucrative nature of the business itself attracts these people. Additionally, it provides a very excellent cover for gambling and other types of activity.

For example, you use the same kind of service facilities to maintain various types of gambling equipment that you use to maintain a perfectly legitimate jukebox or a perfectly legitimate cigarette vendor, and you use the same truck, and the same mechanics, and the same shop facilities.

In effect, many of them use the same invoices, so that when these things are shipped and the shipment is illegal, they cover this by purporting it to be a shipment of a juke-box in a crate or cigarette machine in a crate or automatic vendor in a crate.

Mr. KENNEDY. And then another way that these things can be used is where you have poor locations, and if a person in the underworld wanted to explain certain amounts of cash that might come from illicit operations, he can say that this cash came from a number of poor locations, where in fact it did not?

Mr. KAPLAN. That is exactly true, and he can put out poor machines and poor locations and have no money coming in, but he is in a cash business, and who is to say?

Mr. KENNEDY. This is an industry that has been examined both locally and nationally over a period of the past 10 or 12 years at least, and yet nothing, really, has been done about it?

Mr. KAPLAN. No; that is exactly true. There is always a continuous flood of complaints by people who newly get into the industry and who don't know what the score is, or people who are getting fed up, finally. They will complain. They will complain to the local attorney, they will complain to the police, they will complain to the Federal authorities.

For some reason, during the past 10 or 12 years, during which time there has been some very extensive investigation of this industry, at all levels, local, State, and Federal, nothing substantial has ever been done to clear it up. As a matter of fact, the hoodlum infiltration and the continued concentration, using these techniques, has grown.

Senator CHURCH. Mr. Kaplan, you mentioned the highly profitable nature of this industry as one of inducement to the hoodlum penetration.

Mr. KAPLAN. Yes, sir.

Senator CHURCH. Does the operator exercise his control over the money by actually making the collections and keeping the machines under lock and key?

Mr. KAPLAN. Yes; all of these machines are built with very substantial lock arrangements.

Senator CHURCH. So he always has full control over the proceeds?

Mr. KAPLAN. Only with the reservation that he must have an honest employee. But even there the machines have counters in them so that they know what coins have gone in. It is a very common practice, incidentally, to talk about top money or taking money from the top, which means that they will take money before they report it, and then thereafter take a certain percentage right off the top, and then thereafter report it.

For example, a couple of years ago in one State they were concerned with lobbying to keep in various types of pinball devices. Letters were sent out to all of the different operators throughout the State in an effort to raise money for this kitty that they wanted to lobby in the legislature, in which they specifically said, "You take this money off the top so it is not going to cost you so much, and sent it in to us, and this is the percentage you will take."

The CHAIRMAN. Is there anything further?

If not, thank you very much.

Mr. KENNEDY. Mr. Milton Hammergren.

The CHAIRMAN. Mr. Hammergren, be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAMMERGREN. I do.

TESTIMONY OF MILTON J. HAMMERGREN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HAMMERGREN. My name is Milton Hammergren. I live at Cross Lake, and part of the time in Minneapolis. I am semiretired and presently engaged in a small way in the parking meter business.

The CHAIRMAN. Engaged in a small way in what?

Mr. HAMMERGREN. Parking meter business.

The CHAIRMAN. The parking meter business. What is your former employment or business?

Mr. HAMMERGREN. The Wurlitzer Co.

The CHAIRMAN. In what capacity?

Mr. HAMMERGREN. I was vice president and general sales manager.

The CHAIRMAN. Thank you.

You waive counsel, do you?

Mr. HAMMERGREN. I do.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Hammergren, how long were you with the Wurlitzer Corp.?

Mr. HAMMERGREN. Twenty-three years.

Mr. KENNEDY. When did you first go with them?

Mr. HAMMERGREN. In 1926.

Mr. KENNEDY. What were you doing for them at that time?

Mr. HAMMERGREN. Well, I started as a rather young man in the collection department, in the credit department, then the store manager in the retail division, selling pianos, organs, and radios.

Mr. KENNEDY. When did you become sales manager?

Mr. HAMMERGREN. I went to North Tonawanda, N.Y., in 1939.

Mr. KENNEDY. Who did you succeed at that time?

Mr. HAMMERGREN. Homer Capehart, now the Honorable Senator Capehart.

Mr. KENNEDY. You became a vice president then or later?

Mr. HAMMERGREN. No, I became vice president about 4 years later.

Mr. KENNEDY. What were your duties and responsibilities when you became general sales manager?

Mr. HAMMERGREN. Well, it was my duty to sell jukeboxes, primarily. At a later date we came into organs, which I also handled.

Mr. KENNEDY. At the beginning you started out with just jukeboxes?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. Had you been having certain difficulties around the country about getting the jukeboxes distributed?

Mr. HAMMERGREN. Well, in particular areas we had a lull in sales. We had peaks and valleys in our sales figures. In particular cities we weren't doing so good. We had, at the time I took over—there must have been a reason for the method of operation—we had well over 100 distributors. I proceeded to reduce that number to approximately 34, 36, or something of that sort.

Mr. KENNEDY. Could you tell the committee a little bit about what procedure was followed at that time in some of the cities, and how you were able to achieve distribution where you had difficulty in the past?

Mr. HAMMERGREN. Any specific city?

Mr. KENNEDY. Well, Chicago. Could you tell us about that?

Mr. HAMMERGREN. Well, let's take Chicago. I had a very intimate friend named Goldberg, who I became acquainted with when I moved back to Chicago from Milwaukee. After I entered the jukebox end of the business, inasmuch as Al Goldberg was a very aggressive and well connected, so to speak, individual, he could do things, he joined in with me, and I used him from that day on as sort of a spearhead wherever I had trouble.

Mr. KENNEDY. What do you mean "well connected"? Who was he well connected with?

Mr. HAMMERGREN. Well, Mr. Kennedy, I don't know. But if you wanted things done—as an example, when I first met Mr. Goldberg, we had a party wall agreement in tearing down a building, and overnight the party wall agreement was eliminated and that was the end of it.

Mr. KENNEDY. What do you mean by party wall agreement? What does that mean?

Mr. HAMMERGREN. Well, razing a building, and one of the owners didn't want to relinquish the right, and either by strong-arm methods or by some other—I wasn't there, it happened overnight—the wall was down and we had no further trouble.

Mr. KENNEDY. He had connections, then, with the underworld element in the United States?

Mr. HAMMERGREN. Yes, I would say so.

The CHAIRMAN. When did you first join up with Goldberg? Let's get these dates.

Mr. HAMMERGREN. I became acquainted with Mr. Goldberg, in 1934.

The CHAIRMAN. When did you start this operation with him? That is, where you procured his services and started working with him?

Mr. HAMMERGREN. Well, the first was as I stated, that razing of the wall, that party wall agreement.

The CHAIRMAN. What date was that? I am trying to get the date so we can get the beginning of this.

Mr. HAMMERGREN. I believe that was in the summer of 1934.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. When did he help you in the distribution?

Mr. HAMMERGREN. Well, shortly after I went to North Tonawanda in the jukebox division. That was in 1939 or early 1940, sometime in there.

Mr. KENNEDY. So you had known of his contacts with this element and when you took over in 1939 he came in to help you actively; is that correct?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. What had been the problem in the past? Why weren't you able to get the jukebox distributed? Could you give the committee a little background on that?

Mr. HAMMERGREN. Well, that varied to locals. Sometimes we called the association, sacred locations by music or phonograph operators' associations. Sometimes it was unions. It varied in various cities.

Mr. KENNEDY. Was it felt that the way to proceed was to try to get some of these people who had these connections in these various cities and they could get it distributed?

Mr. HAMMERGREN. Well, you either had to do that or you wouldn't sell the jukeboxes.

Mr. KENNEDY. It was understood that you either had to make these connections with these people or otherwise the jukebox wouldn't appear on location; is that it?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. For instance, in Chicago what was he able to do for you in Chicago, and who did he bring in there?

Mr. HAMMERGREN. Well, he brought in the Century Music Co. of Chicago.

Mr. KENNEDY. Who was in that Century?

Mr. HAMMERGREN. Who was in the Century? It was headed by Mr. Morelli and Mr. Palaggi.

Mr. KENNEDY. Mr. Morelli at that time was head of the first ward, was he, in Chicago?

Mr. HAMMERGREN. Either was or he just relinquished that. He was formerly alderman of the first ward in Chicago.

Mr. KENNEDY. Who was Mr. Palaggi?

Mr. HAMMERGREN. I would term him Mr. Morelli's assistant. They worked very close.

Mr. KENNEDY. Was there anybody else in that company then?

Mr. HAMMERGREN. Well, there was Dennis Cooney.

Mr. KENNEDY. Who was Mr. Cooney?

Mr. HAMMERGREN. Mr. Cooney used to own the Royal Frolics Cafe in Chicago. That was where I signed up the first deal with him.

Mr. KENNEDY. Could you tell us a little bit about the circumstances under which you signed a deal with Mr. Cooney?

Mr. HAMMERGREN. Well, that was in the Royal Frolics Cafe, as I stated.

Mr. KENNEDY. That is Dennis Cooney; is that right?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. And it was the Royal Frolics Cafe?

Mr. HAMMERGREN. Yes, sir, on Wabash Avenue in Chicago, about the 200 or 300 block. Mr. Goldberg had me fly in from North Tonawanda. In fact, I was on my way to Cross Lake for a vacation. It was time to close the deal in Chicago. Al met me and we went over to the Royal Frolics, with my wife and other people, other guests, and we got negotiating for jukeboxes for Chicago proper. Before I left we sold him 550 jukeboxes.

The CHAIRMAN. Sold how many?

Mr. HAMMERGREN. 550.

Mr. KENNEDY. Was that a very good sale?

Mr. HAMMERGREN. Yes, I believe it was. I think it is the largest single sale that was ever made, because in addition thereto, there was what we call remote control equipment, wall boxes, speakers, and things of that nature that went with it.

The CHAIRMAN. What was the date of this?

Mr. HAMMERGREN. That was early in 1940, I believe. I don't know the exact date.

The CHAIRMAN. That was after you became sales manager?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. Where did you meet? Right at the Royal Frolics Cafe?

Mr. HAMMERGREN. Yes, sir. We met right in the Royal Frolics Cafe, signed the order. I went about my business. They didn't pay any downpayment.

Mr. KENNEDY. Wasn't that unusual?

Mr. HAMMERGREN. Well, yes, inasmuch as I had never sold any merchandise previous to that time without any downpayment.

Mr. KENNEDY. Why did you make the sale to them?

Mr. HAMMERGREN. Well, it was my first sale in the jukebox business, and it did stagger me that they would sell that amount of merchandise without a downpayment. But being a peddler, I took the order and worked it out.

Mr. KENNEDY. What did they say to you about it?

Mr. HAMMERGREN. They wouldn't pay anything for 6 months, let the boxes pay for themselves.

Mr. KENNEDY. What conversation did you have about it? What did they say when you raised the question about the downpayment?

Mr. HAMMERGREN. Well, I was given some advice by Mr. Guzik—

Mr. KENNEDY. Mr. who?

Mr. HAMMERGREN. Guzik.

Mr. KENNEDY. "Greasy Thumb"?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. He was there at the Royal Frolics Cafe?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. How did he get there?

Mr. HAMMERGREN. Well, he gave me some advice which did make a lot of sense. He said they never threw any curves but they never caught any, and I would be paid for my merchandise, which went on to be proven a fact, as they paid not only for that equipment, but for a couple thousand other pieces in addition thereto.

Mr. KENNEDY. When he said they never threw any curves and they never received any, who did he refer to?

Mr. HAMMERGREN. Well, Mr. Kennedy, I really don't know.

Mr. KENNEDY. How did Mr. Guzik—how did "Greasy Thumb" get into this meeting? Was he going to have an interest, too?

Mr. HAMMERGREN. I believe so, because later his son-in-law came into the picture and became a part of the distributorship.

Mr. KENNEDY. What was the value of the sale that you made at that time? Just approximately.

Mr. HAMMERGREN. \$250,000 or \$400,000, I would say, or maybe a little more. My memory isn't too clear on that.

Mr. KENNEDY. You say Guzik, one of his relatives, his son-in-law, came in?

Mr. HAMMERGREN. Yes, sir. His son-in-law, Mr. Garnett, came in as a distributor.

Mr. KENNEDY. What is his first name?

Mr. HAMMERGREN. Frank.

Mr. KENNEDY. Frank Garnett?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. What was Mr. Dennis Cooney's background?

Mr. HAMMERGREN. Well, Mr. Kennedy, I don't know only what I read in the papers. He is quite a notorious character around Chicago, from what I have been able to determine. I personally don't know, but he was connected with the red light district, slot machines, and things of that nature.

Mr. KENNEDY. At that time he was reputed to run most of the—if there were any—houses of prostitution in Chicago?

Mr. HAMMERGREN. That is what the papers said; yes, sir.

Mr. KENNEDY. From your contacts or connections with these people, that is what you understood, was it not?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. These are the people. Were they successful in getting the jukeboxes distributed then?

Mr. HAMMERGREN. Yes. As I stated, they went on to buy a couple of thousand in addition to the first 550.

Mr. KENNEDY. What would that bring in each week?

How many did you sell to them altogether, this group?

Mr. HAMMERGREN. Well, I would have to hazard a guess. I think it was about 2,700. I don't know. I have been away from the business for about 11 years now.

Mr. KENNEDY. And those machines would bring in what—something like \$20 a week?

Mr. HAMMERGREN. At least.

Mr. KENNEDY. So that is about \$54,000 a week?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. Which is about \$2 $\frac{1}{4}$ million each year?

Mr. HAMMERGREN. If the calculation is right, that is right.

Mr. KENNEDY. So this was a rather effective and successful venture?

Mr. HAMMERGREN. Yes, sir. It proved to be a very highly successful venture for the Century Music Co.

Mr. KENNEDY. Did you find that you had to make these same kinds of connections in other cities in the country? For instance, New York, what did you do in New York?

Mr. HAMMERGREN. Well, New York, there we weren't too successful. That came quite some time later. We had to reorganize and make changes in the distributorship.

Mr. KENNEDY. Were you having trouble in New York?

Mr. HAMMERGREN. Yes. We had what we term as a common thing, probably an operator's revolt or a boycott to buy equipment.

Mr. KENNEDY. They wouldn't bring any of your equipment into New York?

Mr. HAMMERGREN. No, they wouldn't.

Mr. KENNEDY. They wouldn't sell it there?

Mr. HAMMERGREN. Well, we did sell some. But it didn't produce what we felt that the territory was capable of producing. We used to scale those figures by per capita population, so many boxes, and so forth.

We were falling way short in New York. So we proceeded to make a change and reorganize and set up a more aggressive distributorship.

Mr. KENNEDY. Who did you find was more aggressive in New York?

Mr. HAMMERGREN. Well, we put in Eddie Smith, Meyer Lansky, Bill Bye, and I had a piece of him.

Mr. KENNEDY. You had a piece yourself?

Mr. HAMMERGREN. Of Bill Bye; yes, sir. I furnished the money.

Mr. KENNEDY. And Meyer Lansky?

Mr. HAMMERGREN. Meyer Lansky and Eddie Smith.

Mr. KENNEDY. Who is Eddie Smith?

Mr. HAMMERGREN. He is a former Chicagoan. He is deceased now. He moved to California and passed away out there about 2 years ago.

Mr. KENNEDY. Who got you in touch with Meyer Lansky?

Mr. HAMMERGREN. Al Goldberg.

Mr. KENNEDY. Al Goldberg again?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. Who had you been having trouble with specifically in New York? The head of the association?

Mr. HAMMERGREN. The association. They had a very strong operators' association in New York.

Mr. KENNEDY. And they wouldn't let these new machines come in?

Mr. HAMMERGREN. Well, they would let them to a degree, so far as it was necessary. Again I say it is 12, 14, or 15 years ago. It seems to me they advanced a percentage of replacement, as they termed it, which, in our opinion, our percentage, we were the largest in the field, and we weren't satisfied with that. We used to send out what we would call stud horse broadsides to locations.

Mr. KENNEDY. What is a stud horse?

Mr. HAMMERGREN. A big circular with a little card on it, "If you want a new jukebox, just fill in the card and send it," and we would get

them back at the factory. So we always had a pretty good indication of the demand or the desire on the part of the tavern owner or the location owner in regard to what it might be, whether or not they wanted a new box and whether or not—well, in many instances we would go out and make a check, or we would see that somebody did check.

Mr. KENNEDY. You mean people wanted the boxes but just weren't able to get them?

Mr. HAMMERGREN. That is right. First of all we had to qualify them and see whether the location was entitled to a piece of equipment as costly as a new box or the new installation might be.

Mr. KENNEDY. Who was the head of the association at that time? Do you remember the name Al Denver?

Mr. HAMMERGREN. Yes. I believe Al Denver and Sidney Levine, an attorney, were the two.

Mr. KENNEDY. Was that the group that was the stumbling block initially?

Mr. HAMMERGREN. Well, yes. They called the plays.

Mr. KENNEDY. When you brought Meyer Lansky and his group in, were you able to break through that?

Mr. HAMMERGREN. Yes. We were much more successful after we got reorganized. We had unlimited capital and we were able to get more boxes out in New York than we ever did before.

Mr. KENNEDY. Did he then expand—Meyer Lansky?

Mr. HAMMERGREN. From New York?

Mr. KENNEDY. Yes.

Mr. HAMMERGREN. Yes. He was in Philadelphia for a while.

Mr. KENNEDY. Had you been having trouble in Philadelphia up to that time?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. Was he successful when he was associated there?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. The name of the company was the Emby Co.?

Mr. HAMMERGREN. The Emby Distributing Co.

Mr. KENNEDY. That stood for—

Mr. HAMMERGREN. That stood for Eddie Smith, Meyer Lansky, and Bill Bye. I think the Y was put on so as to make some sense out of the name Emby.

Mr. KENNEDY. He went down to Philadelphia and he was successful down there, where you were having the same kind of difficulty?

Mr. HAMMERGREN. Yes. Our sales figures jumped. We did a much better job than we did previously.

Mr. KENNEDY. What about in St. Louis? Were you having difficulty in St. Louis?

Mr. HAMMERGREN. Yes. We had some, but not as great as some other areas. We had our problems in St. Louis.

Mr. KENNEDY. Who did you bring in in St. Louis? Who did you have make a deal there?

Mr. HAMMERGREN. I didn't make a deal. Al Goldberg went in with me. I had a regional manager named Larry Cooper who worked in St. Louis. That was his territory. He ran into some trouble.

Mr. KENNEDY. What kind of trouble did he run into?

Mr. HAMMERGREN. Well, pushing operators around, so to speak, in the terminology, pushing them around, forcing them to buy mer-

chandise. It was our distributor down there named Pete Brandt. I can't substantiate this, but he was threatened and Mr. Goldberg and I went down there.

Mr. KENNEDY. Did he report to you his being threatened?

Mr. HAMMERGREN. Yes. He said he couldn't leave St. Louis.

Mr. KENNEDY. Couldn't leave his hotel?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. Who was this man?

Mr. HAMMERGREN. Larry Cooper.

Mr. KENNEDY. Why did he say he couldn't leave the hotel?

Mr. HAMMERGREN. For the reason I stated. He was pushing operators around and somebody called him up and threatened him and told him he better not leave the hotel.

Mr. KENNEDY. Did he tell him if he left the hotel he would be killed?

Mr. HAMMERGREN. Something like that.

Mr. KENNEDY. It was related to you that you were told, were you not, that if he left the hotel he would be killed?

Mr. HAMMERGREN. He said that he wouldn't leave the hotel because he didn't want to be killed.

Mr. KENNEDY. All right. So you went down there, did you?

Mr. HAMMERGREN. Goldberg and I went down there and got him out and Mr. Goldberg straightened out the complaint.

Mr. KENNEDY. How were you able to straighten out the complaint?

Mr. HAMMERGREN. Well, Mr. Goldberg saw a few people.

Mr. KENNEDY. Like who did he see?

Mr. HAMMERGREN. That, Mr. Kennedy, I don't know. There is only one name that I remember, and that was Happy Ruffa.

Mr. KENNEDY. How do you spell that?

Mr. HAMMERGREN. That I don't know; R-u-f-f-a, or something.

Mr. KENNEDY. Who was Happy Ruffa?

Mr. HAMMERGREN. Well, he was a man from East St. Louis. I don't know whether he was connected with the association or the unions or what he might have been with.

Mr. KENNEDY. Did he have underworld connections?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. Did you hear the name Buster Wortman?

Mr. HAMMERGREN. I never met the man.

Mr. KENNEDY. Did you understand that he was connected also, or some arrangements had to be made with Buster Wortman in order to get your jukeboxes distributed?

Mr. HAMMERGREN. Wortman, was it?

Mr. KENNEDY. Yes, Wortman.

Mr. HAMMERGREN. I heard his name kicked around, but I never had any dealings with him.

Mr. KENNEDY. Was it necessary to have some meetings with him in order to get the boxes distributed?

Mr. HAMMERGREN. That I don't know. Mr. Goldberg handled that. He saw more than one individual down there. I don't know; it could have been half a dozen different people.

Mr. KENNEDY. Did you find as the general procedure that in order to get the boxes distributed, that if you didn't bring in some of these people actually in the company, that you would have to give a certain

percentage of what you made down there to some of these underworld figures in some of these areas?

Mr. HAMMERGREN. I don't quite understand you.

Mr. KENNEDY. For instance, in New York, Meyer Lansky was brought in. In Chicago, some of these other people that you have mentioned were brought in.

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. If you didn't actually get that kind of people in the company that were going to distribute your boxes, did you find it necessary, as it was related to you or from your own personal knowledge, that you would have to make some kind of a payment to the people in charge of the underworld in the particular city?

Mr. HAMMERGREN. We never made any payments to the people in the underworld. You referred to Chicago. They were operators. Mr. Goldberg sold them.

Mr. KENNEDY. For instance, in St. Louis, what kind of arrangement would you ordinarily have to make if you didn't actually bring Buster Wortman into the business? What kind of arrangements would you have to make with him?

Mr. HAMMERGREN. Well, you picked St. Louis. I am a little vague on that.

Mr. KENNEDY. Let's just take city A, then. What kind of arrangements would you have to make with the people?

Mr. HAMMERGREN. Well, as I related, we sold Chicago without a down payment. We gave them half a million dollars worth of equipment, or thereabouts, and gave them all the assistance we could, and personnel wise, service wise, things of that nature.

Mr. KENNEDY. After you made the trip down to St. Louis and get your man out of there, got him out alive, were you able to distribute boxes thereafter in St. Louis?

Mr. HAMMERGREN. Yes. We didn't have too much trouble after that.

Mr. KENNEDY. Do you know what kind of an arrangement had to be made down there?

Mr. HAMMERGREN. That I don't know, Mr. Kennedy. There was a deal made. I don't know what it was.

The CHAIRMAN. Was or was not? Did you say there was a deal made?

Mr. HAMMERGREN. There was a deal made between Goldberg and somebody else. I don't know who.

Mr. KENNEDY. But from then on you were able to go ahead?

Mr. HAMMERGREN. Fairly well. We were never too strong in St. Louis.

The CHAIRMAN. It is my understanding that Goldberg is the man who made the arrangements in Chicago?

Mr. HAMMERGREN. Yes, sir.

The CHAIRMAN. He also made them in New York?

Mr. HAMMERGREN. Yes, sir.

The CHAIRMAN. Now we have him in St. Louis working out a deal?

Mr. HAMMERGREN. Yes, sir. And you will have him in a few other places.

The CHAIRMAN. All right.

Mr. KENNEDY. Looking back, was there a considerable amount of violence in connection with this industry?

Mr. HAMMERGREN. That was spotty. Yes, there was violence, such as blowing out the windows of the store or blowing up an automobile or something of that nature, or beat a fellow up.

Mr. KENNEDY. Is that part of the characteristics of the industry?

Mr. HAMMERGREN. Yes; I would say so.

Mr. KENNEDY. Were there also killings?

Mr. HAMMERGREN. Yes, there was.

Mr. KENNEDY. Is that another characteristic? There would be extreme violence and if it became necessary, even killings?

Mr. HAMMERGREN. Well, there was only one killing that I actually knew about.

Mr. KENNEDY. Where was the killing?

Mr. HAMMERGREN. I beg your pardon?

Mr. KENNEDY. Where was that?

Mr. HAMMERGREN. Joliet, Ill.

Mr. KENNEDY. Who was killed?

Mr. HAMMERGREN. Lehme Kelley, a big operator, was shot one Sunday afternoon.

Mr. KENNEDY. L-e-h-m-e Kelley; he was a big operator there?

Mr. HAMMERGREN. Yes, sir; both ways. He weighed 540 pounds and he operated about 700 or 800 jukeboxes.

Mr. KENNEDY. Why was he killed?

Mr. HAMMERGREN. I don't know.

Mr. KENNEDY. Wasn't his brother killed shortly afterward?

Mr. HAMMERGREN. Yes, but his brother was, I believe, attached to the sheriff's office or something like that. I don't know why he was killed. He was not a jukebox operator to my knowledge.

Mr. KENNEDY. That was Dennis Kelley?

Mr. HAMMERGREN. Well, he had two brothers.

Mr. KENNEDY. Dennis is the one, I believe; the brother that was killed. I will come back to that in a moment.

What about up in Minnesota? Were you having difficulty there?

Mr. HAMMERGREN. Yes. We had trouble around St. Paul-Minneapolis.

Mr. KENNEDY. What did you do there?

Mr. HAMMERGREN. Well, that being my hometown, a man contacted me by the name of Morris Roisner.

Mr. KENNEDY. Who was Morris Roisner?

Mr. HAMMERGREN. Who was he?

Mr. KENNEDY. Yes.

Mr. HAMMERGREN. I don't know just what you mean. I have known him—you asked who was he, but I have known him since I was a child, practically, because he lived in my neighborhood.

Mr. KENNEDY. Had he ever had any difficulties with the law?

Mr. HAMMERGREN. Yes. He is a two-time loser.

Mr. KENNEDY. What had he gone up on?

Mr. HAMMERGREN. Income tax, I believe, on both cases. Probably once was liquor.

Mr. KENNEDY. So what happened? He contacted you. Would you relate that to us?

Mr. HAMMERGREN. Yes, he contacted me and I was quite surprised and I went up to Minneapolis. Rather, I met him in Chicago at the Bismarck Hotel. After he contacted me, he had just come out of the

penitentiary, and he told me he wanted a jukebox lineup in the Twin Cities, which, when you say Twin Cities, that meant North and South Dakota, part of Wisconsin, and part of Iowa, and all of Minnesota.

So he lined up with a fellow named Sam Taran. They became——

Mr. KENNEDY. Who was Sam Taran?

Mr. HAMMERGREN. Who was he? He is a police character with quite a reputation in St. Paul. He now lives in Florida.

Mr. KENNEDY. What kind of reputation, when you say he has quite a reputation?

Mr. HAMMERGREN. Well, he is an ex-pugilist.

Mr. KENNEDY. Has he had difficulties with the law?

Mr. HAMMERGREN. Yes. Many, many times.

Mr. KENNEDY. He has three convictions for grand larceny and two for violation of the internal revenue laws?

Mr. HAMMERGREN. Bank robbery and what else?

Mr. KENNEDY. Seventeen arrests; T-a-r-a-n?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. So did these two gentlemen go into business then?

Mr. HAMMERGREN. They went into business. They took over the distributorship and transferred Mr. Bush, who was the distributor at that time, to Miami, Fla. He wasn't of the mind to go up against Taran and Roisner. Sam Taran was a former slot and marble table operator. He had unlimited financial resources. He was very aggressive.

I still think, although I have been away from the business for years, I still think he is probably the outstanding merchandiser in the vending machine business today.

Mr. KENNEDY. Where is he operating now?

Mr. HAMMERGREN. Miami, Fla.

Mr. KENNEDY. Was he successful in the Twin Cities?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. More successful than you had been in the past?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. Did he go into some other cities, then?

Mr. HAMMERGREN. Yes; he did.

Mr. KENNEDY. Where else did he go?

Mr. HAMMERGREN. He went over to Buffalo for a while and then into Pittsburgh.

Mr. KENNEDY. Was he successful in those two places?

Mr. HAMMERGREN. Yes, sir. Well, not too well in Pittsburgh.

Mr. KENNEDY. Buffalo?

Mr. HAMMERGREN. Buffalo, fairly well; yes, sir.

Mr. KENNEDY. Now he is down operating in Florida; is that right?

Mr. HAMMERGREN. That is correct; Florida.

Mr. KENNEDY. Whose machines is he distributing in Florida?

Mr. HAMMERGREN. At the present time?

Mr. KENNEDY. Yes. Do you know?

Mr. HAMMERGREN. I am not sure. The last I heard it was Rockola.

Mr. KENNEDY. What about out in San Francisco? Were you having difficulties out there?

Mr. HAMMERGREN. Yes; we had our problems in San Francisco.

Mr. KENNEDY. Who did you bring in there?

Mr. HAMMERGREN. Al Goldberg.

Mr. KENNEDY. Who did he contact?

Mr. HAMMERGREN. Well, he contacted a fellow by the name of Jake Ehrlich.

Mr. KENNEDY. Jake Ehrlich?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. Jake Ehrlich is a lawyer in San Francisco?

Mr. HAMMERGREN. That is right.

Mr. KENNEDY. He represents a number of the people who get into difficulty with the law in San Francisco?

Mr. HAMMERGREN. Well——

Mr. KENNEDY. He is a criminal lawyer?

Mr. HAMMERGREN. Well, he is quite a famous criminal lawyer out on the west coast.

Mr. KENNEDY. What arrangements did he make then?

Mr. HAMMERGREN. Well, Al made his contact with him. How he made it I don't know. I had never met Mr. Ehrlich up until that time. We ended up with Mr. Ehrlich's brother, and I believe his son was in it for a while, in the jukebox operation, and we proceeded to have a pretty successful operation; much more so than when we had Mr. Cochran out there.

Mr. Goldberg acts as distributor for, say, a couple of years, until he sold out and came back to Chicago. In fact, he lived out there for about a year.

Mr. KENNEDY. What about in Detroit? Were you having difficulties in Detroit?

Mr. HAMMERGREN. Yes; Detroit was a problem. We were practically at a standstill in Detroit.

Mr. KENNEDY. What was the reason for that?

Mr. HAMMERGREN. Well, I contributed it to the fact that we had a distributor there who was a horse player, fighting the bottle, who lost his wife and got all mixed up. We had to replace him. I so told him and he brought in a man he recommended to take over the distributorship, as I recall it.

Mr. KENNEDY. Who did you replace him with?

Mr. HAMMERGREN. With Bill Bufalino, Sam Tocco, and Angelo Meli.

Mr. KENNEDY. Who was the one you had dealt with up in Detroit?

Mr. HAMMERGREN. Well, I met them all, Mr. Kennedy. I didn't sign up the contract, making them a distributor. I passed on them after it went through the motions of our company to look it over, and we used to pull a Dun & Bradstreet report, and sometimes a Hill, qualifying them for financing.

Mr. KENNEDY. Who was the one you had to deal with primarily in Detroit? Who was the one who was behind it in Detroit?

Mr. HAMMERGREN. Well, I don't know whether he signed the contract or not, but I would say Mr. Meli.

Mr. KENNEDY. That is the elder Mr. Meli?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. And he is——

Mr. HAMMERGREN. The boys were at that time just fresh out of school. Mr. Bufalino and Mr. Tocco were just fresh out of school, as I recall it.

Mr. KENNEDY. Mr. Meli set them up in this business?

Mr. HAMMERGREN. I think so. I think it was his money.

Mr. KENNEDY. He was a notorious character in Detroit—Mr. Meli?

Mr. HAMMERGREN. Well, I don't know about that.

Mr. KENNEDY. At one time he was public enemy No. 1 in Detroit.

Mr. HAMMERGREN. Yes. I say personally—I knew about it, but for me to substantiate that, I can't. I know he was a very successful Chrysler dealer. That is the way he was presented to us.

Mr. KENNEDY. When you had meetings of the distributors, did Mr. Meli come to those meetings, Angelo Meli?

Mr. HAMMERGREN. Yes; he came to one of them, one of them that I know of.

Mr. KENNEDY. Could you identify these pictures? That would be meetings where just distributors would come; is that right?

Mr. HAMMERGREN. Distributors, or if they couldn't come, their key personnel, people that were responsible and who could make decisions for the distributors.

Mr. KENNEDY. Did you have a meeting of the distributors in September of 1946, or thereabouts?

Mr. HAMMERGREN. I believe so, yes.

Mr. KENNEDY. Did Mr. Meli attend that meeting? Do you remember that pictures were taken at that time?

Mr. HAMMERGREN. Well, we took pictures of all our meetings. If I could see some documentary evidence—I think it was 1946. I don't know.

Was it 1946 up in Minnesota that you are talking about?

Mr. KENNEDY. Yes.

Mr. HAMMERGREN. Yes, at Cross Lake, at the distributors' club.

The CHAIRMAN. The Chair hands you five pictures. I will let you examine them. State if you identify them and, as you identify them, if you do, they will be made exhibit No. 5A, B, C, D, and E.

You may examine the five pictures, and as you identify them they will be marked accordingly. [Photographs were handed to the witness.]

Mr. HAMMERGREN. That on your left——

The CHAIRMAN. The first one you have will be made exhibit No. 5A.

(Photograph referred to was marked "Exhibit No. 5A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You are speaking of 5A now. Do you identify that picture?

Mr. HAMMERGREN. On the left is Sammy Tocco.

The CHAIRMAN. You do identify it?

Mr. HAMMERGREN. Yes, sir.

The CHAIRMAN. On the left is whom?

Mr. HAMMERGREN. Sam Tocco, Samuel Tocco.

The CHAIRMAN. That is on your left as you look at the picture?

Mr. HAMMERGREN. Yes, sir, on my left as I am looking.

The CHAIRMAN. As you look at the picture, the one on your left?

Mr. HAMMERGREN. Right. The other is Angelo Meli.

The CHAIRMAN. Do you know when and where that picture was made?

Mr. HAMMERGREN. I know where it was made. It was made at Cross Lake, Minn.

The CHAIRMAN. Where?

Mr. HAMMERGREN. Cross Lake, where I live. That is a distributors' club up there.

The CHAIRMAN. Do you remember about when it was made? Just the year will be near enough, if you can give the year.

Mr. HAMMERGREN. 1946 or 1947.

The CHAIRMAN. 1946 or 1947?

Mr. HAMMERGREN. I am not positive of the year. It is one or the other.

The CHAIRMAN. Proceed with the next one.

Mr. HAMMERGREN. Then you have the same two people pitching horseshoes at the same place. But they are just reversed. On my left is Mr. Meli and on my right is Mr. Tocco.

The CHAIRMAN. That will be made exhibit 5B.

(Photograph referred to was marked "Exhibit No. 5B" for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right.

Mr. HAMMERGREN. I don't know what you want me to identify here. This is the distributors' club. There are three individuals there, but I can't see them well enough to make an identification.

The CHAIRMAN. Are you unable to identify the three individuals in that picture?

Mr. HAMMERGREN. With any certainty I would hesitate to do so.

The CHAIRMAN. But you do identify the building?

Mr. HAMMERGREN. Yes.

The CHAIRMAN. Is that where all of these pictures were made, there, or in that vicinity?

Mr. HAMMERGREN. So far, those I have looked at; yes.

The CHAIRMAN. All right. That may be made exhibit 5C.

(Photograph referred to was marked "Exhibit No. 5C" for reference and may be found in the files of the select committee.)

Mr. HAMMERGREN. The next one was made at the same location. The man to my left is Mr. Al Mendes, who was the regional manager, and the other gentleman is Bill Bufalino, of Detroit.

The CHAIRMAN. That may be made exhibit 5D.

(Photograph referred to was marked "Exhibit No. 5D" for reference and may be found in the files of the select committee.)

Mr. HAMMERGREN. The second picture is the same people.

The CHAIRMAN. That may be made exhibit 5E.

(Photograph referred to was marked "Exhibit No. 5E" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now we have the five pictures identified.

They were all made about the same time?

Mr. HAMMERGREN. Yes; they were all made at the same meeting.

The CHAIRMAN. The same meeting?

Mr. HAMMERGREN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. The negotiations that were conducted for granting the Wurlitzer distributorship to Meli and this other group, those negotiations were conducted with Angelo Meli, himself?

Mr. HAMMERGREN. I would say all three of them, Angelo Meli, Bufalino, and——

Mr. KENNEDY. Who was the dominant force?

Mr. HAMMERGREN. Mr. Meli.

Mr. KENNEDY. These other two were younger boys who were just getting started in the business?

Mr. HAMMERGREN. Yes; that is correct.

Mr. KENNEDY. Did you get the impression that he was setting them up in this business?

Mr. HAMMERGREN. That is correct.

Mr. KENNEDY. This is of some importance, Mr. Chairman.

What about Ohio? Could you tell us what the situation was in Ohio? In Detroit you were successful after you made this arrangement.

Mr. HAMMERGREN. Well, in Ohio that didn't follow. We were never successful in Ohio.

Mr. KENNEDY. But you had been with Mr. Meli in Detroit?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. What happened in Ohio? Would you tell us what the situation was in Ohio, and what the problem had been in Ohio?

Mr. HAMMERGREN. Well, I don't know what it is at the present time, but when I was in the picture Ohio was a market which it seemed almost impossible to penetrate. We tried various ways and means to break into Ohio, but they had an operators' association over there which was very, very effective. That is, they had all the operators of any consequence, and they told you pretty much what to do.

We tried to get, as an example, 30 percent replacements, and they told us they would give us 10. We proceeded to try our own methods, and I again sent Mr. Goldberg over there. He rented a store and put a man in there and we left in a couple of days.

Mr. KENNEDY. Why did you leave in a couple of days?

Mr. HAMMERGREN. Well, they blew out the windows in the store, and we couldn't get anybody to go over there and go to work.

Mr. KENNEDY. Don't you understand or do you understand from the industry that the situation in Ohio is still, at the present time, just about the same?

Mr. HAMMERGREN. The last I heard, Mr. Kennedy, it has not changed at all.

The CHAIRMAN. Does that mean that some group over there has a monopoly on this business?

Mr. HAMMERGREN. I would say so; yes.

The CHAIRMAN. And they maintain that monopoly by the strong-arm methods you have referred to?

Mr. HAMMERGREN. They did when I was in the business. I say they still do, but am just guessing.

The CHAIRMAN. That is your information that they still do?

Mr. HAMMERGREN. That is right.

The CHAIRMAN. You know they did?

Mr. HAMMERGREN. I know they did, but I am removed from that business now.

Mr. KENNEDY. Who did you send in there? Did you send a fellow who could take care of himself?

Mr. HAMMERGREN. Well, Al Goldberg wouldn't send anybody in there that didn't have the reputation of being able to take care of himself, but it was a little bit too hot to handle.

Mr. KENNEDY. Did you know the man who was sent in there?

Mr. HAMMERGREN. No.

Mr. KENNEDY. Did you know his reputation or his background?

Mr. HAMMERGREN. No. I would imagine he was a pretty—as they call it—heavy man, that he could take care of himself. I don't know who he was. I might, if I had some way of refreshing my memory.

The name, I think, can probably come back to me. But I don't recall it now.

Mr. KENNEDY. Was his car blown up also as well as the windows of the store blown in?

Mr. HAMMERGREN. Yes, as I recall.

Mr. KENNEDY. He didn't want to stay there?

Mr. HAMMERGREN. No. He got out of there in a hurry.

Mr. KENNEDY. Whereabouts in Ohio?

Mr. HAMMERGREN. Cleveland.

Mr. KENNEDY. Where does this group operate through Ohio?

Mr. HAMMERGREN. All through the State. They were strong in Cincinnati as well as Youngstown. I presume they operated all through the State, except, maybe, some of the much smaller towns.

Mr. KENNEDY. Who are the dominant figures?

Mr. HAMMERGREN. At that time?

Mr. KENNEDY. Yes.

Mr. HAMMERGREN. Well, the largest operator was a fellow named Leo Dixon.

Mr. KENNEDY. He is still active in the operation?

Mr. HAMMERGREN. No. I don't believe he is in Ohio at all any more. The last I heard I think he broke it up and—I think he broke up his operation, sold it off, and became a distributor for a competitor.

Mr. KENNEDY. Is he still operating in Ohio?

Mr. HAMMERGREN. No. I think they took him apart.

Mr. KENNEDY. Not literally.

Mr. HAMMERGREN. No, I don't believe so, but financially. They took his operation.

Mr. KENNEDY. Who was the other dominant figure?

Mr. HAMMERGREN. Well, Bill Presser is in that picture.

Mr. KENNEDY. Did you understand it was through the efforts of Presser that the industry remained in the condition that you have found it?

Mr. HAMMERGREN. Well, I don't know if I ought to give him all that credit, but I think he had quite a bit to do with it. He was quite a factor when Mr. Dixon and the association operated and the Ohio Music Merchants Association was in full bloom.

Mr. KENNEDY. What about in Florida? Did you ever go down there?

Mr. HAMMERGREN. Did I ever go to Florida?

Mr. KENNEDY. Did you ever have any problems in Florida?

Mr. HAMMERGREN. No, not too much. I had Sam Taran down there after a while.

Mr. KENNEDY. This is the fellow that you had up in the Twin Cities; is that right?

Mr. HAMMERGREN. Yes. He was getting too much publicity on trying to get naturalization papers.

Mr. KENNEDY. So you sent him down there?

Mr. HAMMERGREN. I got him out of Minneapolis and St. Paul.

Mr. KENNEDY. Was he successful in Florida?

Mr. HAMMERGREN. Yes. Still is. I imagine he is No. 1 down there.

Mr. KENNEDY. What about these whip companies? We have had some testimony on those. Did you use that kind of an operation at all?

Mr. HAMMERGREN. Did I?

Mr. KENNEDY. Your company, the Wurlitzer Co.?

Mr. HAMMERGREN. Yes, they were part of it, and a distributor, if you are locked out, they had a sacred location agreement, and if we found out about it, we would throw in a lot of equipment, put it out on location, get solicitors to get the locations, follow up on these cards I referred to before from the circulars that were sent out to locations, and we would create operations.

Mr. KENNEDY. Why didn't you use the whip company technique in Ohio?

Mr. HAMMERGREN. We did, but we didn't get too far with it.

Mr. KENNEDY. It was just too tough?

Mr. HAMMERGREN. That is right. We tried it very strenuously but we never made it.

Mr. KENNEDY. And you say on occasion where it was necessary, muscle was used; is that right?

Mr. HAMMERGREN. Well, what do you call muscle, Mr. Kennedy? I don't know.

Yes, you would have to use some force; as I related, Cleveland was certainly force. St. Louis was force, I would say.

Mr. KENNEDY. Were company officials upset about the use of force?

Mr. HAMMERGREN. Company officials, of which I was one, yes, we didn't like it, but we still had to sell jukeboxes. We all knew about it, and we knew what the problems were. We tried to go along with it the best we could.

Mr. KENNEDY. Even if it became necessary that somebody was killed during the course of it?

Mr. HAMMERGREN. Well, that is pretty broad, Mr. Kennedy. I don't think we would condone that knowingly, no.

Mr. KENNEDY. I mean if somebody, just in the course of trying to get your boxes distributed, if somebody was killed, that was taken as part of the trade?

Mr. HAMMERGREN. That is one of the liabilities of the business, I would say.

Mr. KENNEDY. You had 300 of these machines a day coming off the line; is that right?

Mr. HAMMERGREN. Well, our top year, as I recall, and again it is memory, I think was about 37,000 for 1 year, right after the war.

Mr. KENNEDY. And there was a question of getting those out?

Mr. HAMMERGREN. Yes. They come off the production line pretty fast, and we have had no place to store them, so we sold them, and shipped them out to distributors.

Mr. KENNEDY. And the people that you found as a general rule—the only people that could get this distribution achieved were these people with the underworld connections, as a practical matter?

Mr. HAMMERGREN. Yes, that is true.

Mr. KENNEDY. Could you explain why that would be so? Is that because the locations are so vulnerable to this kind of pressure?

Mr. HAMMERGREN. Can I explain why it was so?

Mr. KENNEDY. Yes, why the underworld figures would be so much more successful in getting boxes distributed than an ordinary citizen.

Mr. HAMMERGREN. Well, not being one, I would just have to guess. They have connections, they were able to do things that the ordinary individual wasn't able to do in a big metropolitan area. They had unions and associations at their disposal.

I don't—

Mr. KENNEDY. There is just one point that I left out in your situation in Chicago. Involved also in that company with Cooney and Morelli, and Jake Guzik's son-in-law, was also Tony Accardo, was he not?

Mr. HAMMERGREN. Well, that question has come up.

Mr. KENNEDY. We have some documentation indicating or showing that he was—

Mr. HAMMERGREN. I believe, Mr. Kennedy, that he was presented once or was coming into the picture, but it never, to my knowledge, ever came to pass. He might have been in there and I didn't know about it.

Mr. KENNEDY. Was he with the distributing company?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. He was with the distributing company?

Mr. HAMMERGREN. No. That is where they were trying to get him in. I know he had calling cards made up and things of that nature.

Mr. KENNEDY. Wasn't the distributing company called Illinois Simplex Distributing Co.?

Mr. HAMMERGREN. And Chicago Simplex.

Mr. KENNEDY. Wasn't that Goldberg's own company?

Mr. HAMMERGREN. Yes, sir.

Mr. KENNEDY. We find from an examination of the records that Tony Accardo was on the payroll of the Illinois Simplex Distributing Co., of Chicago.

Mr. HAMMERGREN. Well, that could well be.

Mr. KENNEDY. You don't know definitely?

Mr. HAMMERGREN. I don't remember that. I know that there was cards printed up, and I know that he was going to be associated; but what happened, I don't know.

Mr. KENNEDY. Mr. Chairman, I might say that after this witness we expected to have Mr. Lansky. He had been subpoenaed to appear before the committee regarding his activities in New York. We will be going into them with some other witnesses when we get into the New York area, and his ability to be unusually successful in New York, and the methods that were used by his company. He has become ill, however, and has given us a doctor's certificate. We are having him examined by a physician of the Government, the Public Health Service.

The CHAIRMAN. What was his name?

Mr. KENNEDY. Meyer Lansky.

The CHAIRMAN. Is that the one we had trouble locating for quite a while?

Mr. KENNEDY. No. He has been under subpoena for some time.

The CHAIRMAN. Are there any questions of this witness?

Senator CHURCH. Just one, Mr. Chairman.

Just so that I can see this picture clearly, your interest, and the interest of the Wurlitzer Co., was to sell machines?

Mr. HAMMERGREN. Correct.

Senator CHURCH. And you were willing and ready to deal with whoever could arrange things in any given city in such a way as to be a purchaser of your machines?

Mr. HAMMERGREN. All at the disposal of the machines; that is correct.

Senator CHURCH. What arrangements these distributors with whom you dealt made with individual operators within the city you didn't pursue?

Mr. HAMMERGREN. No.

Senator CHURCH. And whether or not these distributors themselves were operators, whether they leased or just what methods they might use—these were matters that were not of any particular interest to you. What you wanted was results and results meant purchases of your machines?

Mr. HAMMERGREN. That is correct.

Senator CHURCH. And where you encountered a city where purchases were not being made in large quantities, then you went in to deal with people who could change that picture, and typically, these people were, or involved with these people were underworld figures?

Mr. HAMMERGREN. That is correct.

The CHAIRMAN. You will remain under your present subpoena. It may be necessary to recall you at some future time during this hearing.

If you will acknowledge this recognizance, it will not be necessary to resubpena you. You will be given reasonable notice of the time and place where further testimony from you by the committee may be desired.

Do you accept that recognizance?

Mr. HAMMERGREN. I do.

The CHAIRMAN. I do not know whether you will encounter any difficulty, but if you do in the meantime, you are under the jurisdiction of the committee. Let the committee know about it.

Mr. HAMMERGREN. Thank you, sir.

The CHAIRMAN. All right. You may stand aside.

Mr. KENNEDY. Thank you.

The CHAIRMAN. I think it is time for the recess.

The committee will stand in recess until 2:30.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 12:30 p.m., the select committee recessed, to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. King and Mr. John Constandy. And I would like to have both of them appear.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KING. I do.

TESTIMONY OF RUFUS KING

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. KING. My name is Rufus King, and I reside in Chevy Chase, Md. I am an attorney practicing in the District of Columbia, in the firm of Rice & King.

The CHAIRMAN. Thank you very much. Do you have counsel, or do you waive counsel?

Mr. KING. No, Mr. Chairman. My partner, Mr. Rice, is here, but he is certainly not here in the capacity of counsel to me.

The CHAIRMAN. I asked you that just to assist you.

Mr. KING. I am not here pursuant to a subpoena, Mr. Chairman.

The CHAIRMAN. Thank you. You have a prepared statement, have you?

Mr. KING. I do. I will make some amendments, but I prepared a basic statement for the committee.

The CHAIRMAN. Do you wish to read the statement or just have it printed in the record at this point and then comment on it?

Mr. KING. No, it is fairly brief, and it is background for the demonstration I am going to give, and I would like to read it.

The CHAIRMAN. I think you had better read it.

Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. King, you were one of the assistant counsels for the Senate Crime Committee, the Kefauver Committee?

Mr. KING. Yes.

Mr. KENNEDY. And you were special counsel for the Senate District Committee on Crime and Law Enforcement in the 82d Congress?

Mr. KING. Yes.

Mr. KENNEDY. You have also served on other congressional investigating committees, have you?

Mr. KING. Yes, sir, I have.

Mr. KENNEDY. You have been a consultant to the American Bar Association Commission on Organized Crime?

Mr. KING. Yes, sir.

Mr. KENNEDY. In 1952 and 1953. And you were the draftsman for the model antigambling law adopted by the National Commissioners on Uniform State laws in 1953?

Mr. KING. Yes. That has been enacted in, I believe, two or three jurisdictions now.

Mr. KENNEDY. You have been chairman, or you are chairman at the present time, of the section on criminal law, of the American Bar Association?

Mr. KING. Yes, sir.

Mr. KENNEDY. You are a member of the American Law Institute?

Mr. KING. Yes.

Mr. KENNEDY. You have this statement that gives a little bit of background. In order to understand, we had some testimony on

jukeboxes, and first Mr. Kaplan's testimony on both jukeboxes and on coin machines, the pinball machines, and how they are operated and how they are distributed in various sections of the country, and then we had Mr. Hammergren's testimony on the jukebox situation.

In order to understand the coin machines, and why they attract the kind of element that we talked about this morning, we would have to have some discussion about their operation. Mr. King is being called in that connection, and he has this background statement about the evolution of pinball machines into this last machine called a pinball machine, which we will demonstrate and go into.

Mr. KING. Mr. Chairman, there is one other point. I am in the general practice of law, and I would like to show on the record that my law firm represents one of the manufacturers in this field. I am not here representing that manufacturer, but I think that the record should simply contain that.

The CHAIRMAN. Do you want to identify that?

Mr. KING. D. Gottlieb & Co.

Mr. KENNEDY. They manufacture just amusement devices?

Mr. KING. Yes, sir.

Mr. KENNEDY. They don't manufacture any gambling machines?

Mr. KING. That is correct.

The CHAIRMAN. Proceed.

Mr. KING. Mr. Chairman and Senator Church; a variety of machines which operated by the insertion of a coin were in use in this country as far back as the beginnings of the 19th century. One might say that these were the first forerunners of the automation movement, substituting the services of a machine for clerks and cashiers in the sale of merchandise and services. These early machines were very simple devices—penny candy vendors, scales, nickelodeons, and so forth—but they performed the two functions of all coin-vending devices:

- (1) They took the money from the customer; and
- (2) They delivered some kind of consideration in return.

Around 1890, a brilliant innovation was developed from these coin-vending machines: a machine for gambling. A man named Charles Fey in San Francisco, and one Herbert Mills, in Chicago, began to produce these machines just after the turn of the century. The machines still performed the two basic functions of the vending machines, namely taking a coin and returning a consideration, but with an added feature—the introduction of an element of chance.

The result was that the consideration returned would vary automatically by chance on successive operations of the machine, or, in short, the machine could pay off winners and jackpots. These were the first "one-armed bandits," and they were an instant commercial success.

Attached to the statement which I have submitted to the committee there is an appendix of representative ads from the trade journals in this industry. The Billboard, going back over the years, giving pictures and advertising material on some of these machines. I shall not allude to it again, but the references are in the statement.

The CHAIRMAN. The appendix, for our purpose, may be made exhibit 6.

(Document referred to was marked "Exhibit No. 6" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. That is made exhibit 6 for reference. Proceed.

Mr. KING. For a small investment, the proprietor of any public place with this one-armed bandit could set up a mechanical gambling operation that required little maintenance or attention and that always produced revenue for the "house."

As someone said, it introduced commercial gambling on a nickel basis. Vast fortunes were made in the production of these machines, and a substantial industry came to be founded on them.

But they soon came in conflict with the public policy of many jurisdictions against lotteries and gambling. Thus began a half-century struggle between the gambling machine interests and the public authorities, and that struggle is still going on today.

In this struggle, the industry has proved itself marvelously ingenious. Gambling laws were often chaotic and sometimes indifferently enforced, and it can fairly be said that the machinemakers have had the best of it most of the time.

As soon as one new device had been taken through all the appeals courts and outlawed, the industry would spawn another one. And it would start the whole process again.

The appearance of the old one-armed bandit was changed so it looked like a floor vendor. There are some models here, and I will illustrate this later as I step over there, but away over on the far right is the original version of the one-armed bandit, and the next one is a floor model, what is called a console. The same functions as the one-armed bandit are performed by this console that I am referring to now.

Machines were then made to pay off in redeemable coupons or tokens, so that it could be argued that they gave nothing of value. Then they were combined with a vending device which gave mints or gum, so it could be argued that they always gave value and were therefore bona fide vendors, and all kinds of simple plays requiring some kind of skill were combined with them so it could be claimed that they were rewarding skill instead of paying out by chance.

Behind each of these things that I am touching with a sentence, there are books and books of case law, injunctive actions, every one of these innovations enabled the machine producers and the distributors to go into court, often get an injunction there and move in and mop up with a machine before the injunction was raised against the enforcement of the gambling laws.

When electric models came along—and this was in the early thirties—the originals were all spring motivated—the chance-determining reels which you see on the one-armed bandit over there were replaced by a series of electric circuits concealed within the machine, and other features such as multiple-odds plays were added to the machine. Incidentally, this multiple-odds feature which gives a player successively higher odds for the insertion of additional coins before the machine is actually played, is still one of the plainest marks of a gambling-adapted machine, for the additional deposits have nothing to do with the play or amusement features.

I have a pocketful of nickels, and I will be able to demonstrate how you drop a nickel and nothing happens except some lights flash, and you drop another nickel and the odds increase. You can do that suc-

cessively up to 20 or 30 nickels, and then play the play of the machine.

The CHAIRMAN. Do you have a key so you can get your nickels back?

Mr. KING. We do, Senator.

A bright new field of opportunity opened for the gambling machine industry when the first pinball games came on the scene early in the thirties. These games traced back to the old Victorian parlor game of bagatelle, and the first models were toylike penny amusement devices. But they were soon followed by more complicated machines that paid winners off in coins, and this set off a new wave of skill versus chance opinions in the appeals courts.

Then in the late thirties came another important innovation, a free-game mechanism that permitted the winner of a high score to play additional games by working the coin chute without inserting more coins. This raised a question whether a free game, per se, on an amusement device was a thing of value or whether it was only part of the amusement feature. Most jurisdictions have held it was the latter, so that the free-game pinball machine which awards only a right of replay has won acceptance as a bona fide amusement device very widely.

This play machine, this amusement machine, blossomed with more and more play features, traps, and gates, and kickers, and I will be able to demonstrate some of these, and flippers, and fancy-colored schemes, and it has remained a very popular device wherever it does not compete with its gambling counterparts.

I wish to emphasize that when the gambling type of machine invades a territory, the amusement type of machine disappears, so that in the studies your committee conducts in connection with this phase of the coin-machine industry, I venture to say that you will never find the gambling adapted kind of machine operating in any substantial numbers in the same area where you will find the amusement-adapted types of machines.

But as might have been expected, the amusement pinball machine soon had its gambling counterparts, thanks in part at least to what was perhaps the most important innovation of them all, the conversion of the free-play device that I have just mentioned into a mechanism for recording payoffs to winners. This was done by adding what are known in the industry as a replay meter and a knockoff button.

I stressed at the outset that all gambling machines must perform three functions: They have to take the player's money, apply an element of chance, and control the return consideration, or the prize.

In the beginning, the control of the payoff or prize was easy, because the machine simply spit out the winnings in coins. Two of these machines over here actually have the coin chutes that drop the winnings out to the players.

But when the various subterfuges started, and as the machines began to be owned by operators instead of location owners, as counsel explained this morning, the split in the ownership and the ownership of the location, another serious problem developed. The machine then had to control not only the payoff to the winner between the machine and the player, but also the division between the operator who is the actual owner of the device, and the location owner.

With redeemable tokens and coupons which I have mentioned, this division was still easy, because the location owner paid the winners

off and then cashed the coupons or tokens back against the contents of the machine. But these tokens were quickly held to be things of value for the application of the gambling laws, and therefore outlawed, leaving the payoff problem unsolved.

A way had to be found for the machine to make a tamper-proof record of payoffs without giving anything whatsoever directly to the player. Without this, the operator could not control the location owner, or protect the proceeds of the play. I am talking now, of course, about a problem which is only important in jurisdictions where gambling machines are illegal, but this might be a point to step out of my text and point out to the committee that three of these four machines are illegal. I am not sure about Alaska, but they are illegal in 47 of our 48 States, with Nevada being the 48th, and with the exception, also, of two counties here in Maryland. So that this industry, except where it operates in Nevada and in these two counties of one State, is operating entirely in contravention of local laws.

Mr. KENNEDY. But, just interjecting there, we have found, or you know that these kinds of machines, despite the law, are used very extensively in certain sections of the United States.

Mr. KING. Yes, indeed. I am by no means suggesting that this is not a substantial industry and in fact I have some figures which I am going to offer the committee, but I want to emphasize that talking now about the gambling-adapted machines which I am going to try to distinguish from the amusement type, wherever they operate in 47 of the 48 States and two counties, they are operating in contravention of the State and local gambling laws.

Mr. KENNEDY. There is one city area where there are more of this gambling kind of machines, and where more gambling stamps have been purchased for these machines than they have in Reno, for instance.

Mr. KING. I am very sure that that is the case.

Senator CHURCH. These three gambling machines, are these the three machines on our far left?

Mr. KING. I was going to play a little game and ask you to identify which was which.

Senator CHURCH. We will play with you.

Mr. KING. I shall demonstrate, and I am going to take a few minutes, if the committee will permit me, and actually demonstrate how they operate.

The two machines that are closest to me are the amusement versions on the far side, and the gambling versions on this side, and these are the current models that are in production and operation through the country.

I am going to take a little time to demonstrate the differences in those two machines.

But I was emphasizing—I am talking only about jurisdictions where gambling machines are illegal, and it is not too much to say that in such jurisdictions organized gambling machine operations would virtually have ended, if this free-play conversion device had not come along.

I am going to explain these devices very carefully, because understanding them is still the key to understanding the gambling adaptation of these machines that are currently in use.

If a player wins some free games on one of these machines and does not use them, the game has to be removed before the machine will start earning again. On the amusement models which never award more than a few games, this can be done simply by working the coin chute. But on the gambling models, which will award up to several hundred free games—this one goes to 899 free games, this one closest to me—the machine is cleared by an electric circuit operated by the knockoff button somewhere in the back or bottom of the machine and out of sight.

When the games are cleared in this fashion, a meter, locked inside, records the number of games that are taken off, and the result is that the location owner can make the payoff, push the button, and thus make an accurate record within this locked mechanism of the amount that he has paid off. When the machine is opened, he is reimbursed from the proceeds according to the figure on the meter.

I might note we are not talking about small change here. One of these modern gambling machines in a good location, like this one right here, will gross up to \$400 or \$500 per week. That is one machine.

Mr. KENNEDY. Let me interject there. For instance, on this machine where you get up maybe to 200 games, and you are able to run the machine up so you get 200 free games, you can then go to the tavern owner and say, "Instead of 200 free games, you give me a nickel or a dime as equivalent to that."

Mr. KING. Yes, sir.

Mr. KENNEDY. And he gets the money for that, and the owner of the tavern comes and punches the knockoff button and those 200 games run off?

Mr. KING. I shall demonstrate that.

Obviously, you can play free games on either of those machines by pushing the button and it sets the machine up to play again, but, obviously, no one is going to play 500 games. You would wear yourself out.

This is one of the several indexes that I am going to point out for differentiating between the two. The other machine will only give five free games.

After World War II—and it is fair to record here that nearly everyone in all branches of this industry converted his plant to creditable war production for the duration—the country was flooded with a gambling-adapted pinball machine that came to be known as the "one-ball." This looked like a pinball table and that third machine over there is a one-ball. But it had the electric chance-determining circuits inside. That is the equivalent of the old drum and reel, but an electrical wheel and circuit inside, and it gave multiple odds for additional coins. That is the feature that I mentioned before, and it paid off by means of the knockoff button and replay meter.

The player shot a single ball to complete the play after he had deposited his coins to get the odds, and this was actually no more than pulling the handle of the old "one-armed bandit." It just completed the play by going through the motions of this pinball play.

There were, of course, more court decisions to establish that these one-ball machines were not games of skill, and they operated on an element of chance. But they are finally virtually driven off the market as gambling law enforcement caught up with them.

This is an antique, and you don't see that machine in operation anymore. And in 1953 these one-ball machines were held to be gambling devices within the terms of the Johnson Act, the Federal slot machine law which Congress passed in 1951, prohibiting the interstate transportation of slot machines.

The successor to the one-ball machine is the bingo or in-line machine, which is the machine right here, which gives the player five balls, like its amusement counterpart, but which has all the gambling features that I have referred to, multiple-chance selectors, multiple odds given for additional coins, the knockoff button, repay meter control for payoffs.

There have been a number of adverse decisions concerning this machine, including one by the Supreme Court last year, in *United States versus Korpan*, holding that it is a gambling device subject to the \$250 Federal tax stamp, rather than the \$10 tax stamp on amusement games.

In my opinion, the days of this machine are numbered, and the industry will doubtless come up with something else.

At the request of counsel, Mr. Chairman, I have made some estimates which are only well-founded estimates from inquiries within the industry, as to the economic underpinnings of this industry, and I would like to give those also as a part of my statement.

Since World War II, the production of amusement pinball games, that is this second machine over there, has been fairly steady. It stayed in the range of 20,000 to 25,000 per year. At \$300 a machine, which may be a little high for the initial cost, this would be a gross of \$7½ million a year for the production of just this amusement pinball machine.

To give you some comparative basis, the jukebox production, although it went way up after the war, has stayed down around the neighborhood of 40,000 or 50,000. That is, a few more units per year than that amusement pinball.

Bowling and arcade equipment, which is the other nongambling amusement kind of thing, bowling alleys, shuffleboards, guns, the sort of things you see in amusement arcades, have stayed in the range of 30,000 to 40,000 units per year.

Immediately after the war, slot machines, which in their heyday had been up to no one knows how high—about 60,000, 70,000, or 80,000 a year—immediately after the war they were produced on the basis of perhaps 20,000 per year. The one-balls were produced at the rate of 20,000 to 30,000.

The slot machines fell off in the first 2 or 3 years following the war. The one-ball machine took its place and production of those stayed in the range of 30,000 to 40,000 units per year, and they literally flooded the country. They simulated the pinball machine enough so that they were very widely accepted and they were an efficient, fast, gambling machine.

Mr. KENNEDY. The one-ball machine is really a slot machine that is lying down; is that right?

Mr. KING. Yes; I think that is fair. It has also been called the one-ball bandit, as law enforcement people began to recognize it and catch up with it.

Early in the 1950's the production of these bingo machines that you see here reached the neighborhood of 30,000 to 35,000 units per year.

I believe that the production rate is now down to perhaps 10,000 or 15,000, because of these pressures that I have indicated, the gambling tax, a number of seizures, a number of cases. But that machine is still being produced at the rate of, say, 10,000 to 15,000 units per year.

Taking a rough average life of one of these pinball products as 5 years, which is in accord with general practice, and assuming a 25,000 a year steady production for the amusement pinball, this would mean that there are approximately 125,000 in use in the country.

This jibes fairly well with the Federal \$10 revenue stamp which is issued on a little over 300,000 units, the rest being in these other categories of arcade equipment.

An average pinball machine in a fair location, in a route of 50, the average perhaps will be \$25 per week per machine, and that might be a little high, spread out over the country.

Mr. KENNEDY. That is the amusement?

Mr. KING. I am talking now exclusively about the amusement pinball machine, the second one in the row here. Estimating that the average production of one of these machines is \$25 per week, applying that on an annual basis to the 125,000 in use, it would mean that these machines gross, and I emphasize again this is a rough figure, in the neighborhood of \$162,500,000 a year.

Again I am talking about the amusement pinball machine. On a similar rough guess, allowing for these fluctuations in production, it is likely that there are around 100,000 of the bingo machines, 100,000 of this gambling version in use, although I might say that the Federal \$250 tax stamp is only paid on, I believe, 7,000 to 9,000.

Mr. KENNEDY. 16,000, I believe.

Mr. KING. Is it now 16,000? Anyway, we believe that there are many, many more in use than have come forward and have been registered and paid the tax.

Mr. KENNEDY. We will be able to show that.

Mr. KING. Assuming 100,000 of these machines operating, and assuming that they gross twice what an amusement game does, and I think that is a moderate assumption, the income produced per year by this bingo type of gambling machine would be \$260 million.

Again I emphasize that this is by no means a small industry, nor from the other points of view a small problem.

With this background, with your permission, Mr. Chairman, I would like to step up and demonstrate a little bit about how these machines actually work.

The CHAIRMAN. Give us a little outline of what you propose to demonstrate so that we can better follow you.

Mr. KING. I shall.

Mr. KENNEDY. Mr. Chairman, before he does that, I would also like to have a member of the staff sworn in, Mr. Constandy, who is really an expert on pinball machines. He will help demonstrate them.

The CHAIRMAN. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONSTANDY. I do.

TESTIMONY OF JOHN P. CONSTANDY

The CHAIRMAN. State your name, your present employment, and what you are an expert in.

Mr. CONSTANDY. My name is John P. Constandy, C-o-n-s-t-a-n-d-y. I am employed by the committee as assistant counsel.

Mr. KING. Mr. Chairman, the first thing we are going to do, in order to activate this bingo machine, we are going to have to knock off the free games, because this is in a circuit which was developed as a variation of the knockoff button, which reduces the free games when the machine is disconnected from its power supply.

So the committee will note that there are actually 43 free games showing on the machine. In here, and I think perhaps the committee can see from there [indicating] are two meters. One records the total number of plays, the other records the free games.

Assuming that it has just been played and 43 free games had been won, I would collect from the location owner, and he would then come over to this button which is located where my hand is, snap it, the machine would go on and you will hear this reducing the number of games, while it shows a record of them in here [indicating].

We will come back to this machine, but in order to activate it, we want to clear it first.

The CHAIRMAN. I think we had better identify these machines, or give them a number for the present. I do not know how much it will show in the transcript.

Mr. KING. Mr. Chairman, we have deleted the names of the manufacturers. We felt that that was not particularly important. Unless the Chair wishes otherwise, we will identify them by description.

The CHAIRMAN. I do not know that it is necessary for us to plug any particular company, any particular manufacturer.

Mr. KENNEDY. The machines, I might say, Mr. Chairman, were obtained under subpoena from a company in Baltimore. I think it would be better if we also left the name of the company off.

The CHAIRMAN. Just keep the subpoena on file so we will have a record of it. Let us number these machines. You better call the first one No. 1, the one that you first made a demonstration on.

Mr. KING. Well, we might start here [indicating].

The CHAIRMAN. We will call it No. 5, then, the one you have just been talking about. Now you are starting with the one-arm bandit. We will call it No. 1.

Mr. KING. No. 1 is the old drum and reel slot machine—illegal in interstate transportation under the Johnson act—this one that is almost identical with the ones that were made back around 1900.

There is very little to demonstrate. This is a spring-operated machine and it is familiar to, I think, most of us.

The CHAIRMAN. It is what you generally term the one-arm bandit?

Mr. KING. Yes.

The CHAIRMAN. You insert a coin and pull a lever and the machine operates?

Mr. KING. Yes. Counsel will try his luck. This is a half-dollar machine.

The CHAIRMAN. All right.

[Demonstration of a slot machine.]

Mr. KING. I might say that the jackpot is empty and the payoff is disconnected.

The CHAIRMAN. Has that been demonstrated sufficiently?

Mr. KING. That is machine No. 1.

The CHAIRMAN. What is there about it, now, since you have demonstrated?

Mr. KING. Only that this is the machine which performs the three functions, takes the coin, takes the money from the player, it applies this familiar element of chance, the matching of the three reels, and it controls the payoff by actually handing out coins to the player.

I might say also that this machine used to cost in the neighborhood of \$50; that now very few of them are made, but principally for the trade in Nevada, and the present cost of one of these machines, because there are so few in production, is in the neighborhood of \$500 or \$600.

The odds that the machine gives the player are adjustable to 85 percent in its favor to 20 percent in its favor by a very simple device of putting rollers on these little notches [indicating] so that the reels will actually not engage in some of the notches.

The CHAIRMAN. In other words, that can be so set that the fellow has a chance of winning 85 percent of his money back, if he played it continuously, or it can be so arranged that the mechanism of it would only pay him back 20 percent of his investment?

Mr. KING. Yes, by a very simple matter of inserting these little rollers in the teeth.

The second machine, which we have identified as No. 2, this is the console slot. This has here three reels that turn precisely like the reels on the one-armed bandit. They are electronically operated, but it has one additional feature that I would like to bring to the attention of the committee, and this is a multiple-coin play.

We drop one nickel in and it gives odds. This is a flashing circuit. This is a circuit with a wiper finger inside that stops by chance. That nickel didn't increase the odds.

Now we will drop another one and watch it go again. The player each time has a chance. The odds are way up this time, 148, 22, and so on, for the various symbols indicated. Then after the player has deposited as many coins as he wishes, up to 25 or sometimes more, then he activates the machine.

Then he actually plays by pushing a lever which makes the reels rotate and which determines the win or not win by the matching of the symbols.

The CHAIRMAN. How many coins can you insert in it? Is there any limit?

Mr. KING. Twenty-five, I believe. I don't know whether this has a limit or not. Some of them do not.

Senator CHURCH. Let me ask this: Do the odds always improve with the additional coins that are inserted in the machine?

Mr. KING. Not necessarily, Senator Church. There is a gamble in that each time. They never go backward on most machines, so that you cannot hurt yourself, but it is not certain that you will help yourself.

On this machine that we are coming to, there are many other features that have this same circuit feature.

Senator CHURCH. And this is how you——

Mr. KING. This is it [indicating]. You can also stop this one by pushing it, Senator, if you are lucky.

Senator CHURCH. Well, I never am.

Mr. KING. This machine has a cash payoff drawer which I think is locked until you win, but money actually drops down into the machine and the player can get it by pulling out a little drawer.

We might, by jumping ahead, perhaps demonstrate one thing, one distinction among these machines. This is the payoff box for taking the coin receipts from the console slot machine. Looking now at the machine which we will identify as No. 3, which is the one-ball, this is the box for taking the coin receipts from that machine.

Passing down to the machine which is identified as No. 5, and which is the current version of the gambling pinball machine, this is the box provided in that machine to take the receipts.

Now, ending, the game which is the amusement machine, this is the box provided to take the receipts from the amusement machine.

The CHAIRMAN. That is No. 4 you are talking about?

Mr. KING. No. 4.

The CHAIRMAN. In other words, the gambling machine seems to require a greater capacity for storage than the others.

Mr. KING. Well, it is a difference between \$15 and \$20 a week and \$300 and \$400 a week.

Passing now to the machine which we identified as No. 3, the one-ball machine, we will go over this one quickly because, as I say, it is an antique. It is no longer in use.

This machines cost in the neighborhood of \$500 or \$600. It was the first attempt to simulate a pinball machine. You will see it is considerably bigger. It is about 2½ feet thick. The backboard is much larger and thicker than the later model.

This is the one which is operated by shooting a single ball after depositing a number of coins. We will demonstrate this. You will note that there are several flasher circuits on this. There are several of these, the equivalent of the drum and reel that introduce an element of chance each time an additional coin is inserted.

I have inserted 25 cents in this machine. I have not played it. I could go on inserting as much as I wanted to, playing for the best odds.

Senator Church, do you want to shoot this ball? This is a single ball. This is a very plain board. It has no bumpers, kickers, or lighting devices on it.

Senator CHURCH. It has a tilt, I see.

Mr. KING. The only thing the ball does is that there are four sections, place, show, purse, and win. As the ball comes further down the field without falling into a hole, the possibilities of winning are increased because the win section is at the bottom and that determines the odds that are given as shown on the backboard.

Senator CHURCH. Does this pay off in coins, too?

The CHAIRMAN. Did he win anything with that ball?

Mr. KING. No. He lost. This machine also has a cup which actually pays the coins back to the player. In logic, I am going to pass the machine we have marked as "Exhibit No. 4" and come to the bingo machine which is the lineal descendant of these machines we have looked at and which is the current version of the gambling machine.

The CHAIRMAN. Did you say it is the latest model?

Mr. KING. This is actually not a late model, Senator, in that there are four or five different models out since. But they do not change the models on this machine.

The CHAIRMAN. The basic operation is not changed?

Mr. KING. Exactly. Even the models are not changed exactly, because you do not have a novelty feature. It does not have to make the player appeal that you find in the pinball machines. They come out every 2 weeks with a new paint job, a new name, and some new features.

Senator CHURCH. The three machines you have shown us are the machines that are outlawed in almost all jurisdictions and which the courts have held to be gambling machines in countervailance of the gambling laws.

Mr. KING. Yes.

Senator CHURCH. But this machine, so far has escaped, or rather, has largely escaped that judgment of the courts, is that right, or is it just too new to have gone through the process?

Mr. KING. This machine has all the elements of an illegal gambling machine as defined by the courts in all the decisions. But this is the machine that is currently in very wide use.

Senator CHURCH. And it has not been test-cased through, so to speak?

Mr. KING. Yes. There was the Korpan case, a very important case, which held that this, for Federal tax purposes, was equivalent to the one-armed bandit.

Senator CHURCH. How does this differ from the one-ball machine?

Mr. KENNEDY. On that point, this machine, Senator, is being widely used in various States in the United States where gambling is prohibited, and where they pay the \$250 gambling stamp, and in order for this to function there must be some arrangement with some local official or State official in order to have it operate.

Senator CHURCH. You mean there has to be some kind of a fix?

Mr. KENNEDY. There are many jurisdictions that we have found in our investigation where this machine is very widely used. It is a gambling device, but it nevertheless is being used and used openly.

Mr. KING. This is the machine that costs \$500, \$600, even \$700 a model, but which grosses \$300 or \$400 a week in a good location. It has many of these flasher circuits, the multiple-changes. By the deposit of the coin the machine is activated, a good number of changes take place, and odds are progressively increased.

It is possible on this machine to put in any number of coins. I believe that Mr. Constandy last night put something like 100, trying to put the odds to the highest point. This, again, takes the insertion of the coin with no play on the machine. You just keep dropping coins.

Mr. KENNEDY. You could insert \$15, \$20, or \$25 without even running—

Mr. KING. Without touching the plunger or shooting any balls.

Mr. KENNEDY. And as you go along, you could put more coins in to change the odds and change the way the figures go?

Mr. KING. Yes.

Mr. KENNEDY. There are at least a dozen or 15 different ways in which the machine can be changed, the odds changed, or the ways the numbers go?

Mr. KING. Yes. Then, of course, there are other features on this. For instance, when this sign here, which says "press buttons now" lights up, and that is determined, again, by one of these chance determinants, by pressing a row of buttons here you can move the numbers behind the bingo board.

If, for instance, you have a "7" lit and you are coming down this row, if you get this you can move the 7 over so that it completes a row this way [indicating].

Mr. KENNEDY. Open the cupboard there. Stop what is equivalent to eight times. Every time he clicks that you are putting in another coin.

Senator CHURCH. What is happening? Are the odds changing now?

Mr. KING. Yes.

Mr. KENNEDY. Not necessarily.

Mr. KING. They don't necessarily change, but each time the player has a chance of getting higher odds. That is all. This is a nickel machine. They are all dime machines now, but if you start dropping dimes as fast as I am operating this machine, you can see that this can become a large-scale thing.

Mr. KENNEDY. Mr. Constandy, can you put some balls into some of those numbers?

We would like to show how he can switch it around, Mr. Chairman.

Do not put the coin in, but just click it.

Mr. KING. Incidentally, we have created what is the dream of all pinball players by taking the glass out of the top. We can drop the balls where we want them to go.

Senator, while Mr. Constandy is playing, I would like to point out the back of this machine.

Mr. Chairman, the difference between the wiring circuits of these two machines is the difference between one thing and the control surface of an ICBM. The control surface is enormously complicated. I would like to point them out.

Senator CHURCH. This is a five ball, and the idea is to line up a bingo in one or the other direction for it to pay off?

Mr. KING. Yes. As you can see, you can change the lines here.

Incidentally, I would like to have Mr. Constandy demonstrate this bingo game in play. I would like to point out while he is doing so that the play is very quick. You will see the contrast when we show machine No. 4.

This goes, even when he shoots the balls instead of dropping them in, that this goes very rapidly. These are not all the game features that slow the play down.

Mr. KENNEDY. Mr. Constandy, would you demonstrate how you do it?

Mr. CONSTANDY. Yes.

The play starts by the insertion of the initial coin that will activate the mechanism. Thereafter the odds can be built up repeatedly through the additional insertion of additional coins. At this phase, last night when we were trying it, we were able to insert 100 nickles

without being able to fully utilize the entire play of the odds. Once the play has progressed to this point—

Mr. KENNEDY. Just show a summary of it.

Mr. CONSTANDY. We will line up 14, 19, 23, which would normally give us a winning combination. Now we will place the board in No. 18.

Mr. KING. You see the free games starting. Note that this is 45, 46, 47. In other words, this machine immediately takes you beyond the point where it can reasonably be played off as an amusement.

Senator CHURCH. Why have you won?

Mr. CONSTANDY. We have hit a winning combination by placing three balls in the slots which are lined with the red line. The odds on that are 128, and we have won 128 free games.

Mr. KING. This is for lining up three balls, Senator. The next is for lining up four, and the odds for lining up five would be 400.

Mr. CONSTANDY. If we assume that the fourth ball was shot and fell into position in space No. 18, it would not be in the line that would depreciate 3.

Mr. KING. This device we are trying to light is operated by one of those chance circuits so it will not go on until we hit it.

Mr. KENNEDY. Anyway, we understand how it works generally, Mr. Chairman.

Do you wish to go into it in further detail?

The CHAIRMAN. I do not want to play it. Go ahead.

Mr. KING. There is one further point about this machine, Mr. Chairman, that I would like to make. That is that on the other machine the odds to play it would be set by changing circuits, but a characteristic of this machine is a very ingenious and quite expensive and complicated device which automatically, when a machine is played to win, it operates a worm gear which advances an electric circuit and reduces the odds a little bit.

When the machine has a series of games where no payoffs are made, this mechanism is activated in reverse so that the odds are increased, so that there is an automatic adjustment here to keep the machine from being hit too much.

The CHAIRMAN. Have you ascertained what the real odds are, or the average odds?

Mr. KING. Well, they are adjustable, but they run in the range of 40 percent out of 100. In other words, a 40 percent return or a 50 percent return on 100. That is 50 cents back out of a dollar of play. But this machine is such a real gambling machine that it takes a long time to build up the odds on that.

Lastly, I shall address myself briefly to this machine I have designated as No. 4, which is the amusement pinball machine. The best way to describe it is by pointing out to you the things that it does not have. Its cost, incidentally, is around \$300.

It has no provision for giving any kind of odds and it has no additional play for higher odds. When a coin is inserted there is no action on the board, that is, on the backboard. The action has to take place on the playboard. It has no flasher circuits, none of these chance determinants that you saw operating in the back of the other machine, which I saw again are the equivalent of the old reels over there.

It has no knockoff button and no replay meter. There may be a game counter in here to keep track of the collections. Of course, it has no reflex. Free games won on this machine can only be removed by working the coin shoot and actually shooting one ball.

The free game indicator is at this point [indicating]. I was in error when I said this only gave five. There are 17 free games on there, so this must be set to give 25, which is a maximum for any machine, but you take this free game off and it can be played.

It activates the machine. Then a ball must be raised and shot, and then another free game can be taken off. But to take 17 off, this has to be snapped down. I am making a demonstration.

The only other point I wished to make was the complexity of this board. This is the appeal of this machine. This is the one you hear clanking in drug stores and things. This has flippers by which a player can shoot the ball back up, so that the ball can be in play for several minutes at a time.

Compared with one board, this is very complicated and these are frequently changed. A machine like this gets stale in a location after a few weeks.

Senator CHURCH. The characteristic of this machine, then, is that you get comparatively few free games; you get comparatively a long period of play, with lots of flashing lights and ringing bells and things of that kind to provide the enjoyment that attracts the nickels.

Mr. KING. The only thing the machine can do back is an opportunity to do it all over again.

Senator CHURCH. An opportunity to do it again; yes.

Mr. KING. It is not wired for any kind of payoff. Of course, the maintenance and upkeep on a machine like this is much less than the maintenance and upkeep on the other machines.

Senator CHURCH. Isn't it also true that there is an element of skill involved in the purely amusement-type machine, in that once you get experienced with it or come to know it you are more apt to win free games than otherwise; whereas, this machine, No. 5, is pretty much just pure chance?

Mr. KING. Yes; there is no control over this ball in No. 5 after it leaves the hammer.

Mr. KENNEDY. I think that about covers it.

The CHAIRMAN. Have you anything else?

Mr. KING. I would like to make reference to two additional machines which we were unable to obtain, but which your committee may encounter. One is the simple capsule machine. It is the old gumball machine that all of us are familiar with from when we were children. This is used extensively with capsules among the gum containing money or valuable prizes. This is a substantial enterprise in some areas.

The other is a machine of the horoscope variety, that actually gives a card with a fortune or something, and colored cards control the payoff on these machines. They are somewhat prevalent as gambling devices.

Finally, one more thing to clarify something. I believe counsel earlier stated that these machines were easy to transform from a gambling machine into a nongambling machine, which is true. But to convert a nongambling machine into a gambling machine—you are

much better off to start over and build the machine from the beginning for all of the things I have demonstrated to you among the differences.

Thank you very much.

Mr. KENNEDY. Thank you very much.

The CHAIRMAN. Is there anything further?

If not, thank you very much, Mr. King.

Mr. KENNEDY. Mr. Chairman, we have a short witness from the Internal Revenue Department. I would like to get some figures into the record.

I would like to call Mr. Kearney.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but th truth, so help you God?

Mr. KEARNEY. I do.

TESTIMONY OF JOSEPH A. KEARNEY

The CHAIRMAN. State your name, your place of residence, and your present occupation or employment.

Mr. KEARNEY. Joseph A. Kearney, Tax Rulings Division, Internal Revenue Service. I reside in Washington, D.C.

The CHAIRMAN. Do you waive counsel?

Mr. KEARNEY. Yes.

The CHAIRMAN. How long have you been with the Internal Revenue Service?

Mr. KEARNEY. Since 1934.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KEARNEY. I might state that I have been working in connection with this tax since 1941, the tax on coin-operated amusement and gambling devices.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Under the law as it is written at the present time there is a \$10 charge for an amusement device and \$250 for a gambling device; is that correct?

Mr. KEARNEY. That is correct.

Mr. KENNEDY. And the gambling tax is not on each gambling device, but it is on locations; is that right? It is on the location?

Mr. KEARNEY. That is right. It is on the person who maintains the machine for use.

Mr. KENNEDY. So he might have 10 or 12 machines?

Mr. KEARNEY. That is correct.

Mr. KENNEDY. Do you find even in States where gambling is supposedly illegal, which would be every State except Nevada, and in some sections of Maryland as I understand it, do you find that there are these kind of machines that are in operation?

Mr. KEARNEY. Definitely.

Mr. KENNEDY. And do you find that even where the gambling is illegal, that these location owners pay gambling taxes on these kind of machines?

Mr. KEARNEY. Definitely.

Mr. KENNEDY. And does it show that at least there are some 16,000 of those in the United States today?

Mr. KEARNEY. We sold 16,000 stamps last year.

Mr. KENNEDY. Do you find from your investigation, the investigation of you and your colleagues, that in fact these kind of machines are far more prevalent than just the 16,000?

Mr. KEARNEY. Well, of course, I don't work in the field at all. I couldn't say. I couldn't answer that.

Mr. KENNEDY. From what you understand.

Mr. KEARNEY. I understand that they are.

Mr. KENNEDY. They are far more prevalent than that.

The CHAIRMAN. To clarify that, these 16,000 stamps, is that for machines or is that for locations?

Mr. KEARNEY. For the location.

The CHAIRMAN. That is 16,000 locations, and that would not necessarily indicate or it doesn't indicate the number of machines that may be operated.

Mr. KEARNEY. It may be a quarter of a million. Some places have 200 or 300.

Mr. KENNEDY. Do you have it broken down into districts as to the sale of these gambling stamps?

Mr. KEARNEY. Yes, I gave those statistics to you this morning.

Mr. KENNEDY. Do you have them there?

Mr. KEARNEY. I left them with you. I can tell you that there are several States, or at least two States, that sell more than Nevada.

Mr. KENNEDY. What two States are they?

Mr. KEARNEY. Well, Maryland and Indiana are two.

Mr. KENNEDY. Indiana and Maryland?

Mr. KEARNEY. Yes, sir.

Mr. KENNEDY. They sell more than Nevada?

Mr. KEARNEY. They have had more stamps than Nevada.

Mr. KENNEDY. Has the Commissioner, during the past week, taken action to try to stamp out these kinds of machines or not stamp them out but collect taxes in easier fashion?

Mr. KEARNEY. We have. I might give you a little background. In the latter part of 1957, the Department of Justice asked us to conduct, our intelligence division, to conduct a test case in the southern district of Illinois.

We seized nine of these types of machines, and in a noncontested district court decision they were declared per se gambling devices. Prior to that time, our problem had been getting evidence of payoff, and even in the Kopen case we had evidence of payoff there.

But the Commissioner has now taken the position that we are going to follow that district court decision and tax these machines that have the knockoff button and register button or multiple extra plays as gaming devices, per se.

Mr. KENNEDY. When did they give that ruling?

Mr. KEARNEY. Last week.

Mr. KENNEDY. So you are going to start a concerted drive on these kinds of machines?

Mr. KEARNEY. We hope to.

Mr. CHAIRMAN. Did the investigation have anything to do with that decision?

Mr. KEARNEY. No, sir, because this was started in 1957.

The CHAIRMAN. In 1957?

Mr. KEARNEY. Yes, sir.

The CHAIRMAN. So was this committee.

Mr. KEARNEY. It may have, then.

Mr. KENNEDY. Why hasn't action been taken prior to this; do you know?

Mr. KEARNEY. No, not being in a policy position, I couldn't answer that.

Mr. KENNEDY. They just decided last week they would take action.

Mr. KEARNEY. We are going to follow that decision; yes. We don't know whether we will be able to substantiate because we won't have evidence of payoffs. It is very hard and very difficult when you don't have evidence of payoff and these knockoff meters can be placed in other places where you can't see them.

Mr. KENNEDY. Now, there was a memorandum of Commissioner Latham, dated January 23, 1959, from the Acting Assistant Commissioner, Operations, and the subject is "Classification for Excise Tax Purposes of Pinball Machines Having Certain Gambling Features."

One of the paragraphs here says:

The Department does not believe that the use of criminal sanctions will do much to encourage voluntary compliance in this area, because of the usual character of the taxpayers involved.

What did he mean by that?

Mr. KEARNEY. Well, it is not the best element.

Mr. KENNEDY. You mean the people who are running these and distributing these machines?

Mr. KEARNEY. That is true; that is very true.

Mr. KENNEDY. Is that what is meant by that?

Mr. KEARNEY. That is right.

Mr. KENNEDY. Do you find from your investigation and examination in dealing with this subject that there are an unusually large number of underworld figures dealing with these kinds of machines?

Mr. KEARNEY. Well, after the reorganization of the Bureau, since 1952, I have been limited purely to tax rulings. Prior to that time in the national office we handled everything, and every case that came into the national office, and it was a substantial element of the underworld in this business prior to that time.

Mr. KENNEDY. Well, from what you know and from dealing with this subject generally, do you have any information that that situation has changed or do you find it has continued or do you have any information?

Mr. KEARNEY. From the reports I have heard from the Intelligence Department, it is still true.

Mr. KENNEDY. Now, I don't want to press this matter, but are you sure you don't have that booklet?

Mr. KEARNEY. No; I am pretty sure.

Mr. KENNEDY. I think that you gave me some letters, but I don't think that you gave me the booklet.

Mr. KEARNEY. I am sorry; I have it.

Mr. KENNEDY. Thank you.

Mr. KEARNEY. What States do you want?

Mr. KENNEDY. I don't want to pick out any particular State, but—

Mr. KEARNEY. I can give them to you by regions. We have nine regions. In the Atlanta area, there were 2,957. The Boston region had 72.

The CHAIRMAN. They want to go to Boston for amusement?

Mr. KEARNEY. The Chicago region had 1,679. Cincinnati region had 2,851. Dallas had 2,572. New York had six.

Mr. KENNEDY. In New York they have had a concerted drive against these kinds of machines?

Mr. KEARNEY. That is very true.

Mr. KENNEDY. For a long period of time.

Mr. KEARNEY. Omaha is 695, Philadelphia 3,432, and that is because Baltimore is in the Philadelphia area. And San Francisco, 4,997.

Mr. KENNEDY. Where is Reno?

Mr. KEARNEY. That is in the San Francisco region.

The CHAIRMAN. What area is Arkansas in?

Mr. KEARNEY. Atlanta.

The CHAIRMAN. How many did it have?

Mr. KEARNEY. With these lights, it is hard to read it.

The CHAIRMAN. I thought you had already announced it.

Mr. KEARNEY. I am looking for Arkansas, and I can give you the exact number in Arkansas.

The CHAIRMAN. Let us have it.

Senator CHURCH. While looking, keep your eye out for Idaho, too, will you?

Mr. KEARNEY. 455.

Senator CHURCH. That is Arkansas?

Mr. KEARNEY. Yes. That is in the Dallas region; that is why I was having trouble finding it.

The CHAIRMAN. Now Idaho.

Senator CHURCH. What about Idaho?

Mr. KEARNEY. They had none.

Senator CHURCH. They had none, Mr. Chairman.

Mr. KENNEDY. What State has the most?

Mr. KEARNEY. Maryland.

The CHAIRMAN. That is convenient to Washington, isn't it?

Mr. KEARNEY. Yes, sir. They had 3,175.

Mr. KENNEDY. What are the rest of the States that have a lot?

Mr. KEARNEY. Chicago had 800. Louisville has 1,390.

Mr. KENNEDY. How much does Indianapolis have?

Mr. KEARNEY. 1,390. No, I am sorry. Louisville was 946.

Mr. KENNEDY. What is Indianapolis?

Mr. KEARNEY. 1,390. And New Orleans has 691.

Mr. KENNEDY. What does Reno have?

Mr. KEARNEY. 1,353.

Mr. KENNEDY. How about Detroit?

Mr. KEARNEY. Michigan, 63.

Mr. KENNEDY. What city has the most?

Mr. KEARNEY. I don't have the statistics by city. Detroit means the whole State of Michigan.

Mr. KENNEDY. For instance, does Chicago mean the whole State of Illinois?

Mr. KEARNEY. No. We have two collection districts in Illinois—Chicago and Springfield.

Mr. KENNEDY. Chicago and Indiana?

Mr. KEARNEY. No. Just one in Indianapolis. That covers the whole State of Indiana.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, I would like to go into some of those individuals who have some of these coin-operated businesses. In that connection, I would like to call Mr. Gerardo Vito Catena.

The CHAIRMAN. Besworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CATENA. I do.

**TESTIMONY OF GERARDO VITO CATENA, ACCOMPANIED BY
COUNSEL, SAUL C. SCHUTZMAN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CATENA. My name is Gerardo Catena. I reside at 21 Overhill Road, South Orange, N.J.

The CHAIRMAN. New Jersey?

Mr. CATENA. New Jersey.

The CHAIRMAN. What is your business or occupation?

Mr. CATENA. Runyon Sales Co. of New Jersey.

The CHAIRMAN. Runyon Sales?

Mr. CATENA. Runyon Sales Co. of New Jersey, Inc.

The CHAIRMAN. What does this company do? What business is it in?

Mr. CATENA. Vending business.

The CHAIRMAN. Vending machines?

Mr. CATENA. Yes.

The CHAIRMAN. You have counsel with you, have you?

Mr. CATENA. I do.

The CHAIRMAN. Mr. Counsel, identify yourself for the record, please.

Mr. SCHUTZMAN. My name is Saul C. Schutzman. I am an attorney, licensed to practice in the State of New Jersey. My offices are located at 1060 Broad Street, Newark.

The CHAIRMAN. Proceed.

Mr. KENNEDY. When you speak of vending machines, what kind of vending machines does Runyon Sales have?

Mr. CATENA. I respectfully decline to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. Is it all kinds of coin machines, Mr. Catena?

The CHAIRMAN. Do you manufacture them or sell them?

Mr. CATENA. Vending.

The CHAIRMAN. I know they are vending machines, but does your company manufacture them or operate them?

Mr. CATENA. We operate.

The CHAIRMAN. Operate?

Mr. CATENA. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. Is that just in the New Jersey area, or do you go to other States? Is it just New Jersey?

Mr. CATENA. Mostly all New Jersey.

Mr. KENNEDY. Is it all through New Jersey or just the upper parts of New Jersey?

Mr. CATENA. Mostly the upper part of New Jersey.

Mr. KENNEDY. What kind of machines are they? Could you tell me that?

Mr. CATENA. Well, I will identify them.

Mr. KENNEDY. Thank you.

Mr. CATENA. Mostly jukeboxes.

Mr. KENNEDY. Mostly jukeboxes?

Mr. CATENA. Yes.

Mr. KENNEDY. Any other kinds of machines?

Mr. CATENA. We have games. We have kiddy rides, cigarette machines.

Mr. KENNEDY. How many jukeboxes do you have, approximately?

Mr. CATENA. I would say 800.

Mr. KENNEDY. Excuse me?

Mr. CATENA. About 800.

Mr. KENNEDY. And how many of the game machines do you have?

Mr. CATENA. I just haven't got that at my fingertips. I might have a few hundred.

Mr. KENNEDY. A few hundred of those?

Mr. CATENA. Yes.

Mr. KENNEDY. How many cigarette machines do you have?

Mr. CATENA. A couple hundred of those.

Mr. KENNEDY. Do you put any of these machines into the New York City area?

Mr. CATENA. Runyon doesn't.

Mr. KENNEDY. Does another company with which you are associated?

Mr. CATENA. I respectfully decline to answer on the grounds of the fifth amendment.

Mr. KENNEDY. Just on the Runyon Sales, do you have a contract with any union? I am just talking about New Jersey. I will not go into any others.

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you think it might incriminate you if you had a contract with some labor union?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. The Chair will ask you: Do you honestly believe that if you answered the question, "Do you have a contract with some labor union?" that a truthful answer to that question might tend to incriminate you?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question. I don't think you have a right to invoke the fifth amendment capriciously and take a position that, irrespective of whether it would incriminate you or not, you will not answer the question.

The test is, Do you honestly believe that if you gave a truthful answer to the question, that a truthful answer might tend to incriminate you? I will ask you that question: Do you honestly believe it?

Mr. CATENA. May I consult counsel?

The CHAIRMAN. Yes.

(The witness conferred with his counsel.)

The CHAIRMAN. All right. Now you may answer the question.

Mr. CATENA. It is my honest belief.

The CHAIRMAN. That it would tend to incriminate you if you answered the question truthfully?

Mr. CATENA. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Catena, you have this interest in Runyon Sales Co. of New Jersey. Do you also have an interest, as I understand, in Runyon Sales Co. of New York, or is that one and the same company?

Mr. CATENA. I respectfully decline to answer on the ground that is might tend to incriminate me.

Mr. KENNEDY. The Runyon Sales Co. distributes these AMI jukeboxes, does it not, and also the so-called bally games, which are these games which are gambling devices?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Could you tell me whether your company purchases any of these gambling stamps?

Mr. CATENA. I honestly don't know.

Mr. KENNEDY. You don't know? How far do you get into the operation of the company?

Mr. CATENA. I decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee who would know, if you don't know.

Mr. CATENA. Well, the officers of the company.

Mr. KENNEDY. Who would know? Who would have that answer for us?

Mr. CATENA. The officers of the company.

Mr. KENNEDY. Who are the officers?

Mr. CATENA. Mr. Sugarman and Mr. Green.

Mr. KENNEDY. Mr. Sugarman and who is the other?

Mr. CATENA. Mr. Green.

Mr. KENNEDY. How long have they been in the company with you?

Mr. CATENA. I have been in about 7 years.

Mr. KENNEDY. About 7 or 8 years. Do they operate in New Jersey as well as New York?

Mr. CATENA. They might operate some in New York.

Mr. KENNEDY. The jukeboxes as well as the other pinball machines?

Mr. CATENA. Well, I am not sure.

Mr. KENNEDY. You are not sure. Are they a member of an association in New York? Do you know if they have anything to do with that New York city association?

Mr. CATENA. I decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Are they a member of an association in New Jersey?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Just going back to New Jersey, would one of them be able to tell us whether you belong to a union up there?

Mr. CATENA. I didn't hear. You better repeat that, counselor.

Mr. KENNEDY. I am wondering if one of those individuals, Mr. Sugarman or Mr. Green, would be able to tell us whether you belong to a union, whether you have a contract with a union.

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. You also have an interest in Runyon Amusement Co. of 593 10th Avenue, New York City; is that right?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. That has about 400 coin machines, does it not?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. And the Runyon Games Co., of Frelinghuysen Avenue, in Newark, N.J.?

Mr. CATENA. Frelinghuysen.

Mr. KENNEDY. Do you have that company? Do you have a company, Runyon Games Co., on that avenue?

Mr. CATENA. Yes, we do.

Mr. KENNEDY. What does that company do?

Mr. CATENA. That is Runyon that we were talking about.

Mr. KENNEDY. They handle the sales and service for coin game machines?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. You also have an interest in World Wired Music Co., do you?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. They transmit through the telephone, music throughout northern New Jersey restaurants and taverns; is that right?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. And also the Muzak Corp. of New York, which performs the same function: is that right?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Did you also have an interest in the Kool-Vent Aluminum Awning Co.?

Mr. CATENA. I refuse to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. According to our information, you had a controlling interest in that company, which is now called Trim-Metal, Inc.; is that right?

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. According to the information, you transferred your interest to your brother-in-law, James Brown, who now has the controlling interest in that company?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Is there anything about that business, Trim-Metal, Inc., that is illegal or improper? The name doesn't imply.

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. It is of some interest, Mr. Chairman, that this company supplied the aluminum awnings for Joseph Barbara's home in Apalachin.

Is that correct?

The CHAIRMAN. Is that for the special meeting or were they supplied as a gift?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Also in that company was Richie Boiardo.

Do you know him?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. He is a close associate of Abner "Longy" Zwillman, is he not?

Mr. CATENA. I don't know.

Mr. KENNEDY. You don't know. Do you know Longy Zwillman?

Mr. CATENA. I do.

Mr. KENNEDY. How long have you known him?

Mr. CATENA. A lot of years.

Mr. KENNEDY. How long?

Mr. CATENA. Twenty-five or thirty years.

Mr. KENNEDY. Twenty-five or thirty years. Have you had any financial business ventures with him?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Has he got an interest in any company that you have an interest in at the present time?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Could you answer this question, of whether he has, at the present time, any interest in any of the Runyon companies, Runyon Sales of New Jersey or New York?

Mr. CATENA. He does not.

Mr. KENNEDY. He does not. Did he ever have?

Mr. CATENA. Not to my knowledge.

Mr. KENNEDY. Were you in business with him or associated with him at all in the Public Service Tobacco Co.?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Did you sell your interest to him, to Mr. Zwillman, in Public Service Tobacco Co.?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. According to our information, Joseph Stracci, who comes from Nevada now, and Cuba, purchased the Public Service Tobacco with Mike Lascari. Do you know Mike Lascari or did you know him when he was alive?

Mr. CATENA. I did.

Mr. KENNEDY. How long did you know Mike Lascari?

Mr. CATENA. About 25 years.

Mr. KENNEDY. Did you have any business dealings with him?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you know Joseph Stracci?

Mr. CATENA. I do.

Mr. KENNEDY. How long have you known him?

Mr. CATENA. About 30 years.

Mr. KENNEDY. Where does he make his residence now? Nevada?

Mr. CATENA. I believe it is California?

Mr. KENNEDY. California.

Has he some interest in Nevada also?

Mr. CATENA. I wouldn't know.

Mr. KENNEDY. How about Cuba? Does he have any interest in Cuba?

Mr. CATENA. I wouldn't know.

Mr. KENNEDY. Do you have any interest in Cuba?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Have you set up or established any gambling casinos, or have any interest in any of the gambling casinos?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. How about Las Vegas? Have you any interests in any gambling casinos?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Just on Public Service Tobacco, did you sell out your interest to Lascari or Zwillman?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. According to our information, you sold out your interest to Zwillman and Lascari, and Mr. Zwillman owns that company at the present time. Is that correct?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you know Lucky Luciano?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Mr. Lascari grew up with Lucky Luciano in his household; did he not? Do you know that?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Have you seen Lucky Luciano lately at all?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. You have also been in business, have you not, with Joe Adonis?

Mr. CATENA. I decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you know Joe Adonis?

Mr. CATENA. I decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Sal Moretti?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. James Rutkin?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. It involves the G. & R. Trading Co.—is that right—of New Jersey?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. You also have had an interest in some three or four trucking companies, have you not?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Could you tell us what local of the Teamsters Union you had contracts with when you had the trucking companies?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. The Peoples Express Co., is that one of your trucking companies, or was that?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. The CPC Trucking Co.?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Did you have a company called the Trucks Rentals Co.?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. According to the information we have, you also knew Albert Anastasia, before he died?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. His brother, Tony Anastasia?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you know Frank Costello?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Mike Miranda?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. "Governor" Guarino?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Joseph Barbara?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Joe Genovese?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Russell Bufalino?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Is it not a fact that you went to the meeting at Apalachin, and you were arrested in Russell Bufalino's automobile?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Dominic Olivetto from New Jersey; was he also with you at that time?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. What was the purpose of that meeting up there? What kind of a convention was it?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Did you discuss these coin-operated machines and your interest with them up there?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Did you see Mr. Lombardozzi present at that meeting?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. You attended a number of these meetings before; have you not?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. At the Martinique restaurant, on Route 29, in New Jersey, a restaurant operated by a friend of yours, Angelo "Gyp" de Carlo?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. In January 1953, wasn't there a closed meeting of some 25 men at the Martinique restaurant, in January 1953, which you attended, which was a meeting of the higher officials of the syndicate? Wasn't there such a meeting in January 1953?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. In December 1954, didn't you have a meeting there between you and Albert Anastasia, Longy Zwillman, and Richie Boiardo?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that also in the automobile up at Apalachin was not only Olivetto, yourself, Russell Bufalino, but also Vito Genovese?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you have frequently visited Mr. Barbara in his home?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you also know Sol Cilento, who used to be secretary-treasurer of the Distillery Workers?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Anthony Carfano, George Scalise; do you know them?

Mr. CATENA. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. We have telephone calls that we understand you to have made to Mr. Jack Davies. Do you know Jack Davies?

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. He is an individual prominent in gambling in Cuba. Did you discuss that with him?

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Can you tell us anything further about the coin-machine business other than what you have told us?

Mr. CATENA. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

Senator CHURCH. No questions.

The CHAIRMAN. Mr. Catena, you will remain under your present subpoena, under the jurisdiction of the committee, subject to being recalled at such time as the committee may desire further testimony from you.

Do you acknowledge that recognizance?

Mr. CATENA. I do.

The CHAIRMAN. All right. Upon reasonable notice of the time and place you will be expected to reappear and give further testimony. You may stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, I call Capt. Richard Hackmeyer, St. Louis County Police.

Mr. Chairman, I would like to say as far as Mr. Catena is concerned that there was a representative from the State attorney's office in the State of New Jersey who was present here.

The CHAIRMAN. All right.

Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Captain HACKMEYER. I do.

TESTIMONY OF CAPT. RICHARD J. HACKMEYER

The CHAIRMAN. State your name, place of residence, and your business or occupation.

Captain HACKMEYER. My name is Richard Joseph Hackmeyer. I am a detective captain with the St. Louis County Police Department, and I reside in St. Louis County, Mo.

The CHAIRMAN. Do you waive counsel?

Captain HACKMEYER. I do, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, this will be the last witness this afternoon. The witness has to return to St. Louis, so we are taking him out of order. But I thought that his testimony as to the situation in the St. Louis area was of importance.

You are head of the security division of the St. Louis County Police Department?

Captain HACKMEYER. Yes, sir.

Mr. KENNEDY. That is located in Clayton, Mo.; is that right?

Captain HACKMEYER. Correct, sir.

Mr. KENNEDY. And you are a graduate of the Treasury Department's Narcotics School?

Captain HACKMEYER. Yes, sir, I am.

Mr. KENNEDY. 1952 to 1954 you were assistant district security officer for military security in the 12th Naval District, San Francisco?

Captain HACKMEYER. Yes, sir.

Mr. KENNEDY. And you have been with the St. Louis County police department since September 1955?

Captain HACKMEYER. That is correct, sir.

Mr. KENNEDY. And you are a member of the Missouri bar, the Federal bar, and the U.S. Supreme Court bar?

Captain HACKMEYER. Yes, sir.

Mr. KENNEDY. Could you tell the committee the background specifically of the Anthony Novelty Co., of the operations of John Vitale, and the situation that existed in the St. Louis area in connection with the distribution and handling of coin-operated machines?

Captain HACKMEYER. Yes, sir. I will be glad to.

First, the committee must understand that in 1955, July 1, the St. Louis County police department was created. Prior to that time, the sheriff of the county had criminal jurisdiction, and due to the organization of St. Louis County, they decided to form a police department.

At that time we became aware of the Anthony Novelty Co., which is owned and operated by John Vitale, had moved out into St. Louis County, into the city of Pine Lawn, Mo.

They had come from the city of St. Louis, and the St. Louis police had given them some heat there. Our information was that they came out with the idea of moving into the county, taking advantage of the disorganization of the police service.

We watched them in 1955 and 1956, and there were no significant developments until August of 1957. At that time we received information that the Anthony Novelty Co., through the Automatic Cigarette Sales Co., which is located in the same address as the Anthony Novelty Co., on the record that is owned by Jack Joseph, although it is our understanding that it is controlled by John Vitale, that Anthony, through this cigarette company, intended to expand into St. Louis County taverns.

Mr. KENNEDY. Who was John Vitale?

Captain HACKMEYER. John Vitale is reputed to be our local Mafia leader. He is a police character of some notoriety in our area. I believe he has been in front of this committee before.

Mr. KENNEDY. Who was Jack Joseph?

Captain HACKMEYER. Jack Joseph is an errand boy for John Vitale. He is a police character. He has been associated with him, and presently is the record owner of the Automatic Cigarette Sales Co.

Mr. KENNEDY. Now would you relate what they did? Relate how they were able to move in.

Captain HACKMEYER. Yes, sir.

St. Louis County has approximately 800 licensed liquor establishments. Our information was that through the use of the cigarette machines of the Automatic Cigarette Sales Co., as a leader, Anthony Novelty intended to infiltrate, so to speak, and gain financial control of the various taverns. This situation could come about because at that time there was a bad slump in the tavern business, and many of the tavern operators were working and operating on a shoestring.

So the method that they devised was something new. It was not the muscle technique but, rather, it was the idea of going to the location or tavern owner and saying "We understand that you need \$500 or \$1,000," whatever they might need to pay their license fee, to buy stock, and making an out-of-pocket loan to the tavern owner.

The tavern owner might say, "Well, I can't borrow this money. I don't know how I can pay it back."

The answer was, "Put it in our cigarette machine, our jukebox, or pinballs, and let them pay it back."

It was painless.

The thought in mind, after the company had infiltrated, had these people under financial obligation, was to introduce certain forms of gambling in the taverns. They didn't get under way too much in the county. We had our eye on them from the beginning.

They did manage on one or two occasions to set up what we would consider organized gambling. However, it didn't last.

Mr. KENNEDY. Were they successful in getting these machines?

Captain HACKMEYER. The locations, do you mean?

Mr. KENNEDY. The locations.

Captain HACKMEYER. Yes, sir; they were. They were successful in their start.

The thing that distinguished them from the legitimate operator was that they seemed to have unlimited capital and were able to make these loans to the tavern operators.

Mr. KENNEDY. Now, would you tell us what happened then?

Captain HACKMEYER. Well, in order to combat what we felt was this attempt to introduce organized gambling into the county, with the cooperation of the Missouri State liquor department, we initiated a survey. We sent forms to all of the licensed liquor establishments in the county and forms to all of the vending companies operating in the St. Louis area. The purpose of that, as far as the taverns were concerned, was to determine whether or not—well, to determine two things, actually: Who had financial control of the tavern, and if there were any loans from hoodlum sources.

Mr. KENNEDY. What was the result of that?

Captain HACKMEYER. Approximately 103 taverns admitted that they had machines in their taverns that were from the hoodlum companies.

However, out of the 800 taverns, only 4 admitted any type of loans from any vending company.

Mr. KENNEDY. Was there any violence in connection with all of this?

Captain HACKMEYER. No, sir. We had on one or two occasions some complaint to that effect, but it was unfounded. The operation seemed to be primarily financial.

Mr. KENNEDY. What about Gazzoli, of the Star Novelty Co.?

Captain HACKMEYER. Gazzoli is the owner and operator of the Star Novelty Co. in St. Louis.

Mr. KENNEDY. Is that a competitor company?

Captain HACKMEYER. Yes, sir; of the Anthony Novelty Co. They are in the same business.

Mr. KENNEDY. Wasn't he shot in 1958?

Captain HACKMEYER. Yes, sir; he was. The story that went to that was in approximately January of that year, our unit received information that Gazzoli had been threatened on a downtown St. Louis street, that two men had approached him and directed him to stay out of the Paddock Bar, in East St. Louis, controlled by Buster Limpke, told him to stop pushing, as the term was, the Plaza locations.

We informed the St. Louis police intelligence unit, and my understanding is that Detective Green of that department contacted Gazzoli. Green related to me that Gazzoli denied at first that the incident had occurred, but subsequently passed it off, admitting that two people had accosted him on the street that he considered drunks, and had made some remark, and that he didn't credit it or take it in the manner which we thought to be meant.

Some time, I believe, in May or June, which is about 2 or 3 months after this alleged incident occurred——

Mr. KENNEDY. This is in 1958; last year.

Captain HACKMEYER. Yes, sir. I believe it was May or June of 1958.

There was an attempted holdup of the Star Novelty Co., which Mr. Gazzoli is the owner of. At that time he was, as related to me, sitting in his office, when he noticed three men approaching from the sidewalk, covering their faces with handkerchiefs.

As I get the story, Mr. Gazzoli drew a revolver from his pocket and started shooting, as did these men. I understand that Mr. Gazzoli was wounded nine times. The men that did the shooting, as I recall, were out on bond from a robbery in East St. Louis.

At first blush this appeared to be a holdup attempt. We have information that we have not been able to verify, however, that these individuals were given a substantial sum of cash to complete this operation, to make it appear as a holdup, and, at the same time, to eliminate Mr. Gazzoli.

Mr. KENNEDY. Do you believe it was connected with his competition of his business with the business of people such as John Vitale?

Captain HACKMEYER. I would have to answer you this way: There is from a usually reliable source, and we have from other reliable sources, information that the Anthony Novelty Co. was very interested in Mr. Gazzoli's business enterprise.

Mr. KENNEDY. Can you answer the question? What is your judgment on it, that it was a robbery or an effort to rub out Mr. Gazzoli?

Captain HACKMEYER. I would say that it was a good combination. Primarily my personal opinion, derived from my information, was that it was directed at Mr. Gazzoli.

Mr. KENNEDY. Does Buster Wortman also have an interest in this kind of a business, the coin-machine business?

Captain HACKMEYER. Yes, sir. He is the controlling personality in the Plaza Amusement Co.

Mr. KENNEDY. Isn't he one of the chief members of the underworld in the St. Louis area?

Captain HACKMEYER. He certainly is.

Mr. KENNEDY. So you have the two top gangsters in the St. Louis area who are both in the coin-operated machine business. What would be the reason in your estimation, as a law enforcement official, that this type of business attracts these people?

Captain HACKMEYER. Well, the profits are terrific, not only legitimately but with the opportunity to control these tavern locations, as I explained before, and should gambling have been permitted they would have reaped a tremendous profit. Even without the gambling, due to their method of operation, it is very simple for them to make more than appears on the records. There is a lot of top or soft money involved in this pinball operation.

Mr. KENNEDY. Do you find also because of the fact that they have cash available that they can make these loans to these location owners and that is attractive, and that also the location owners are very subject to pressure?

Captain HACKMEYER. That is right, sir. They seem to have unlimited capital.

Mr. KENNEDY. It would not be necessary, really, to use violence to a location owner in the St. Louis area, if you told him that either John Vitale or Buster Wortman were behind the operation.

Captain HACKMEYER. The reputation, sir, carries great weight, and it is hardly necessary to even indicate any muscle.

Mr. KENNEDY. And both of their names have been closely associated with gang murders in the St. Louis area for many years; is that right?

Captain HACKMEYER. That is correct, sir.

Mr. KENNEDY. And they have the reputations, both of them, of being killers, and have the reputations of being the head of the underworld in that area?

Captain HACKMEYER. That is right.

Mr. KENNEDY. So when you go to a location area and say "Buster Wortman would like to have you move this machine in," there ordinarily wouldn't be a great deal of hesitation about it; is that right?

Captain HACKMEYER. That is right, sir. They would more or less appear, and their salesmen are known. Of course, they did have the money. To give you an idea of the reputation founded or unfounded, one location owner, when I asked him why he didn't change since he complained about the reputation of these people in there, and he felt he was being shorted on his cut from the cigarette machine, he said, "You fight the Mafia, not me."

That is the general reputation that these people have in the area.

Mr. KENNEDY. So unless police officials such as yourself keep on top of all of this, it is very difficult for anybody to survive?

Captain HACKMEYER. Yes, sir, it would be. Of course, they have gotten around the muscle angle now with the financial transactions, or had attempted to.

Mr. KENNEDY. You had a grand jury, did you not, that looked into this situation?

Captain HACKMEYER. That is correct, sir.

Mr. KENNEDY. And didn't they reach the conclusion that the coin-operated machine companies in the St. Louis area are dominated by hoodlums and exconvicts?

Captain HACKMEYER. No, sir. They concluded that several of the companies were hoodlum-controlled. The greater majority of them were operated by legitimate people.

Mr. KENNEDY. I should have expressed it that way, having in mind specifically the companies of Wortman and John Vitale.

Captain HACKMEYER. That is correct.

Mr. KENNEDY. Did they also reach a conclusion about the use of these kinds of machines not for amusements but for gambling?

Captain HACKMEYER. That is right, sir. The jury report found, and part of this was based on our estimate, that it is, again, a well-founded estimate that in the county the coin-operated machines would take in approximately \$100,000 a week.

They felt that primarily most of the machines were not for amusement only. This was our feeling because most of these pinball machines that we have come in contact with have been that bingo model, have had the kickoff button in the back of them and reply meters inside. That is why we were able to seize them.

Mr. KENNEDY. Do you find that they have their gambling stamps or not?

Captain HACKMEYER. We find in the St. Louis area when they first bought the stamps and the information became available to us, they then switched to Springfield. I believe the stamps are good in any part of the district. Sometimes they would buy them out of State so that we couldn't get the records.

The last that I recall they didn't buy them and in each case where we made a gambling case against a pinball operator, a copy went to the Treasury Department and they would assess them their fines and penalties.

Mr. KENNEDY. Did they find that these machines were taking the wages of the workers, and that they were also attractive to schoolchildren, in the locations where they were attractive to schoolchildren?

Captain HACKMEYER. Well, to answer that, the investigation was primarily concerned with the relationships to the taverns and the infiltration there. So we didn't come up against it with schoolchildren.

We had, of course, looked for that problem before, and we did not find it out of context or out of proportion.

Mr. KENNEDY. The loan operation of these major vending companies, have you found that it was at a high rate of interest?

Captain HACKMEYER. Yes, sir. I believe the records of some of those companies indicated a legal rate but a high rate. The out-of-pocket loans I could only guess what interest might be involved in them.

Mr. KENNEDY. And the estimate is that they take in some \$100,000 every week, taken in by the operators of these coin machines?

Captain HACKMEYER. Yes, sir.

Mr. KENNEDY. That is all, Mr. Chairman.

Captain HACKMEYER. Mr. Counsel, may I add something I think would be of interest to the committee?

The CHAIRMAN. All right, sir.

Captain HACKMEYER. This grand jury was impaneled in September of 1958 by Circuit Judge Weinstein to look into and determine if there was organized crime in St. Louis County.

There was an incident that occurred which was of particular significance to us in the community, which involved indirectly Mr. Gazzoli. There were two incidents, actually.

The owner of a coin-operated vending company, a legitimate owner, was subpoenaed to testify before the grand jury, and he did. The day after he testified, his wife received two phone calls—really, three. What happened was that the phone rang twice within a 15-minute interval and the housemaid answered the phone, and each time the caller hung up.

On the third incident, the wife answered it and the voice told her, "Tell so-and-so" meaning her husband, "that if he keeps shooting his mouth off in front of the grand jury your kids will end up in a ditch." These people contacted me and we arranged to give them police protection. Nothing further developed on that.

Of even greater significance to the investigation was the fact that approximately on December 15, the grand jury heard testimony from Mr. Gazzoli, and from a routeman that worked for the Plaza Amusement Co., George Steele, plus other witnesses.

The usual reporter, stenotype reporter, that reported these hearings was not available that day, and they had made arrangements for a court reporting firm to come in, reputable people. The lady that took the testimony after the jury recessed for the evening, took her stenotype notes and in company with two other friends left the St. Louis County Courthouse to proceed to downtown St. Louis to attend a court reporters' dinner.

She put the notes and stenotype equipment in the car of her girl friend that they drove down in. They drove to a garage. This garage was used regularly by the woman that owned the car, to park. She had a regular parking space. They left the car at the garage, proceeded to the dinner, and the car was parked on a mezzanine, the point being that it was not on the street level but one floor above, and not in the usual space.

This was due to crowded conditions at that time of the evening, before Christmas. This was a 1955 Pontiac. Subsequently, a series of events occurred. The parking attendant, who knew the woman that owned the car, and also knew the car by the parking sticker, recalled parking it in a specific spot in the mezzanine. To his best recollection, about an hour later he noticed the car driving out, but he didn't notice who was driving it. He was quite surprised when at midnight the court reporter showed up for her car, and they reported the car stolen to the St. Louis police.

At first we thought possibly that it was a car theft. When we reviewed the facts, we came up with certain findings.

No. 1. At approximately, the best we can determine, 5 or 10 minutes after the theft of the car, a part-time employee of the court reporting firm that sometimes did stenotype translation at home received a telephone call from an unidentified man who asked her, "Is this so-

and-so?" and she replied "Yes," and "Do you do translating of stenotype notes for Miss Taylor?"

She said, "Who is this?" He said, "I didn't ask you that. I ask you if you did translating." She repeated, "Who is this?" and he hung the phone up.

This information that this woman did this part-time work was not generally known outside of the court reporting profession, as we determined it. We also found that the automobile was parked in such a position that there were 15 or 16 other newer model cars accessible to a car thief. To date we have not recovered the car, and this is unusual in itself in that we recover, statistically, 95 percent of the stolen cars.

Subsequent investigation revealed information that two employees of the Anthony Novelty Co. were seen, according to our informant, in the vicinity of this garage on the night that this car was stolen. In contacts with our underworld sources, these people tell us that the reason these notes were taken was not necessarily for the intrinsic value of them, but that certain groups were very interested to know whether Mr. Gazzoli had said anything to the grand jury that might incriminate them, that they were worried about this.

That fact of the theft of the notes and the telephone call to the legitimate dealer, tend to solidify our feeling as to the seriousness of the situation in our area.

The CHAIRMAN. That is going pretty far, is it not, to steal the official records of the official proceedings?

Captain HACKMEYER. We think it was.

The CHAIRMAN. You haven't been able to track it down?

Captain HACKMEYER. No, sir. The car completely disappeared. We checked quarries, we checked the river, we did everything that was available to us, and to date we have no information on the car.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is that all for today?

Mr. KENNEDY. Yes.

The CHAIRMAN. Thank you very much, Captain.

Mr. KENNEDY. Thank you, Captain.

The CHAIRMAN. The committee will stand in recess until 10:30 tomorrow morning.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 4:35 p.m. the select committee recessed, to reconvene at 10:30 a.m., Wednesday, February 11, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, FEBRUARY 11, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter de Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. John Vitale is the next witness.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VITALE. I do.

TESTIMONY OF JOHN VITALE, ACCOMPANIED BY COUNSEL, BERNARD J. MELLMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. VITALE. John Vitale, St. Louis, Mo.

The CHAIRMAN. What is your street address?

Mr. VITALE. 3725 Avondale.

The CHAIRMAN. What is your business or occupation?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Do you have an attorney?

Mr. VITALE. Yes.

The CHAIRMAN. Mr. Attorney, will you identify yourself for the record.

Mr. MELLMAN. Bernard J. Mellman, 408 Olive Street, St. Louis, Mo.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Vitale, we had testimony before the committee yesterday by Captain Hackmeyer of the St. Louis County Police regarding the activities of your company and other companies in the St. Louis area dealing with coin-operated machines. You are in the coin-operated machine business, Mr. Vitale?

Mr. VITALE. I decline to answer on the ground it may tend to incriminate myself.

Mr. KENNEDY. His testimony was that in 1955 he received information that the Anthony Novelty Co. which deals with pinball machines, bowling games, and jukeboxes, and you as president, were beginning to be active.

Were you beginning to be active in 1955 with the Anthony Novelty Co.?

Mr. VITALE. I decline to answer on the ground it may tend to incriminate myself.

Mr. KENNEDY. And you were expanding your operations into St. Louis County; is that right?

Mr. VITALE. I decline to answer on the ground it may tend to incriminate myself.

Mr. KENNEDY. This activity was accomplished simultaneously with the distribution of cigarettes through the Automatic Cigarette Sales Co.; is that right?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Now the Automatic Cigarette Sales Co. was operated by Mr. Jack Joseph, who is merely acting as a front for you; is that correct?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And in order to get your places established your employees would go around to the various tavern owners and say "Mr. John Vitale is the one behind this company," and they were able to get their machines in these various taverns.

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And also that you were making loans to the various tavern owners to induce them to put out the other machines and put your own machines in.

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And these loans were in the form of cash; is that correct?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Would you tell us where you got the cash from?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Could you tell us what other businesses you are in other than coin-operated machine business?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. You are also described by the captain as probably the leading figure in the Mafia or the syndicate in the St. Louis area; is that correct?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And that most of the vice in the St. Louis area is operated and controlled by you?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. You and Mr. Buster Wortman; is that right?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. You have other people such as Jack Joseph fronting for you in these various companies?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And that the loans are made through the Anthony Discount Co.; is that right?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And the Anthony Discount Co. has offices in the same building and shares the same office space as the Anthony Novelty Co.; is that right?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. There is a Missouri Amusement Machine Association and your company is one of the very few companies that does not belong to that association; is that not correct?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Isn't that because of your connections and the fact that you have this reputation that you feel you would not have to belong to the association?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. As we showed on these charts yesterday, you are the gangster company that operates outside the association.

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Now, for instance you have other companies that are operating which you actually control, and for instance the Murphy Vending Co., which has the machines in the Kiel Auditorium in St. Louis.

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Is it not a fact that these machines are in fact your machines?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Could you tell us who your employees are?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Aren't two of them Leo Pisciotta and Joe Randazzo, arrested in connection with the theft of the car that contained the grand jury minutes?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Now, you have served a sentence for the violation of the Harrison Drug Act; is that not right?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And have been arrested some 13 times between 1933 and 1958?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Including robbery and receiving stolen property?

Mr. VITALE. I decline to answer on the ground it may tend to incriminate myself.

Mr. KENNEDY. Mr. Chairman, we have already had the testimony about this gentleman being in business with Mr. Barney Baker, and so I won't go into that.

That is all, Mr. Chairman.

The CHAIRMAN. What connection do you have with organized labor?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Have you ever done a decent thing in your life that you can talk about without incriminating yourself?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Are you proud of being this kind of a fellow, that you can't answer questions without incriminating yourself?

Mr. VITALE. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Are there any questions?

Senator CHURCH. I have no questions.

The CHAIRMAN. Well, all this committee can do is to expose the thugs and the crooks and the racketeers and so forth that are a disgrace to decent civilization, and it is up to the Congress to pass laws to deal with them.

You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Frank Zito, Mr. Chairman.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ZITO. I do.

TESTIMONY OF FRANK ZITO, ACCOMPANIED BY COUNSEL, ROBERT G. HECKENKAMP

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. ZITO. Frank Zito, Springfield, Ill., 1801 Illini Road. Occupation, retired.

The CHAIRMAN. What is your occupation?

Mr. ZITO. I am retired.

The CHAIRMAN. You mean you are not now gainfully employed; is that correct?

Mr. ZITO. I say retired.

The CHAIRMAN. I am not sure I understand you. Are you saying "retired"?

Mr. ZITO. Yes, sir.

The CHAIRMAN. What is your previous occupation?

Mr. ZITO. I refuse to answer on the ground it may intend to incriminate me.

The CHAIRMAN. You had better say "I decline to answer." There is a little bit of respect that has to be maintained for the Government of the United States.

Mr. ZITO. Maybe I cannot say it right. You will have to excuse me. I say the way I know it, and I am just telling it the way I know it.

The CHAIRMAN. I am going to help you learn a different way.

You may show respect for the committee by saying that you decline.

Mr. ZITO. I decline.

The CHAIRMAN. You may decline to answer on the grounds it may incriminate you.

Mr. ZITO. I decline on the ground I may incriminate myself. I can say it the way I know how. I cannot say it any other way.

The CHAIRMAN. I wanted to ascertain, you don't mean any disrespect for this committee.

Mr. ZITO. Oh, well, I don't want to do that.

The CHAIRMAN. You don't want to say that?

Mr. ZITO. No; I want to respect the committee.

The CHAIRMAN. Proceed, Mr. Kennedy.

Do you have counsel with you? Mr. Counsel, will you identify yourself, please.

Mr. HECKENKAMP. My name is Robert Heckenkamp. I am a lawyer licensed to practice in the State of Illinois, and I am located at 504 East Monroe Street, in the city of Springfield, Ill.

The CHAIRMAN. Thank you very much.

All right. Proceed.

Mr. KENNEDY. Mr. Zito, according to our information you attended the meeting at Apalachin, and I would like to ask you how you were able to understand what you were talking about there.

Mr. ZITO. I refuse to answer on the ground that I may incriminate myself.

The CHAIRMAN. The Chair admonished you that instead of saying "refuse" and showing disrespect, the Chair admonished you to say that you decline to answer.

Mr. ZITO. All right. Recline.

The CHAIRMAN. Wherever he says "recline," let the record show that he means "decline." Is that correct?

Mr. ZITO. That is correct.

Mr. KENNEDY. Did you speak English at the meeting at Apalachin?

Mr. ZITO. I refuse to answer on the ground that I may tend to incriminate myself.

Mr. KENNEDY. Could you tell the committee what you discussed at the meeting?

Mr. ZITO. I refuse to answer on the ground——

The CHAIRMAN. Can you remember the word "decline"?

Mr. ZITO. I decline. All right. I will do my best.

The CHAIRMAN. I will help you now, but I want you to try.

Mr. ZITO. That is all I can do, and I will do my best to explain myself.

The CHAIRMAN. I can help you do a little better than some of the things that you are doing now.

Mr. ZITO. All right.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Could you tell us what you discussed at the meeting at Apalachin?

Mr. ZITO. I decline—I can't say it right. You have to excuse me if I can't.

The CHAIRMAN. All right. You decline to answer. Proceed.

Mr. ZITO. Refuse—decline. I may incriminate myself. I decline—may I am going to incriminate myself.

The CHAIRMAN. All right; proceed.

Have you any more questions?

Mr. KENNEDY. Yes; I do.

Mr. ZITO, you were born where, and on what date?

Mr. ZITO. In Italy.

Mr. KENNEDY. In Italy? Whereabouts?

Mr. ZITO. In Italy. Sicily.

Mr. KENNEDY. Sicily? What was the date?

Mr. ZITO. What years? 1893.

Mr. KENNEDY. February 24?

Mr. ZITO. Right.

Mr. KENNEDY. Palermo?

Mr. ZITO. Near.

Mr. KENNEDY. Near Palermo. And then you came to the United States in 1910; is that right?

Mr. ZITO. Right.

Mr. KENNEDY. And for a few years you worked as a coal miner in Alabama and Illinois?

Mr. ZITO. Right.

Mr. KENNEDY. Did you work in any other States?

Mr. ZITO. I refuse an answer on the ground it may incriminate myself.

The CHAIRMAN. The Chair instructed you to say you decline to answer.

Mr. ZITO. Decline. Excuse me. I don't mean I don't want to said it. I don't mean I don't want to said it. I can't said it right.

The CHAIRMAN. Write it down in front of you. Can you write?

Mr. ZITO. A little bit. Not very much.

The CHAIRMAN. Write a little bit of it down in front of you so you can remember it.

Mr. ZITO. Right.

Mr. KENNEDY. Maybe he will answer some questions.

Just on your background, you worked as a coal miner. Where were you living at that time? That is, when you were working as a coal miner?

Mr. ZITO. Benld.

Mr. KENNEDY. Where?

Mr. ZITO. Benld, Ill.

Mr. KENNEDY. When did you move to Springfield? Just about when?

Mr. ZITO. About 1920.

Mr. KENNEDY. And there you started the Capital Products Co.?

Mr. ZITO. I decline to incriminate myself.

Mr. KENNEDY. And that was a supplier. You sold Italian products in Springfield?

Mr. ZITO. I decline. I may incriminate myself.

Mr. KENNEDY. And you had a distilling operation, also, for which this acted as a front?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. From 1919 to 1931 you operated 14 stills in the Springfield area?

Mr. ZITO. I decline. I may incriminate myself.

Mr. KENNEDY. By 1937 you were in control of practically every racket in the Springfield area?

Mr. ZITO. I decline to. I may incriminate myself.

Mr. KENNEDY. And by early 1940, through at least 1948, you were controlling the punchboards, the slot machines, the dice and the poker games in the Springfield area?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. In 1941 you were shot; is that right?

Mr. ZITO. I decline to. I may incriminate myself.

Mr. KENNEDY. You were shot by Mauro John Montana, who was ultimately convicted of the shooting?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Montana is presently facing deportation proceedings after being convicted of falsifying a naturalization application in 1930; is that right?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. Among your companions and associates have been Frank Dyer, Frank Campo, Paul Tremaine, Henry "Buster" de Norro, Jasper Blandee, B-l-a-n-d-e-e or B-l-a-n-d-a-e, Vincent Salvo, Dominick Campo, George Fassero; is that right?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. In connection with Apalachin, you were arrested on November 14, 1957?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. You had stayed at the Airport Motel in Newark, N.J., on November 12, 13, and 14, 1957, prior to going to Apalachin?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. And you attended the meeting at Apalachin with James Coletti of Pueblo, Colo.; is that right?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. You were convicted in March 1931, for violation of the National Prohibition Act; is that right?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. You received a 2-year sentence and a fine of \$10,000; is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. You made a downpayment of \$1,000 on the \$10,000 toward settlement of the fine, and it wasn't until 1957 that the Government found that you still owed another \$9,000 and collected it; is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. So after your meeting at Apalachin, the Government was able to collect \$9,000 that you had owed since 1931.

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Of all the assets that you had had up to that time, all the assets you kept in your wife's name so that the Government found it impossible to collect the fine prior to that time; is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. You owned a tavern. You sold cigars. You sold tickets on baseball pools, and you operate a dice game; is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. And you have an interest in a cab company, the Security Cab Co., in Springfield?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. In connection with the coin-operated machines, Mr. Chairman, and in connection with the testimony that we had yesterday regarding the setting up by the operators of the union, we have some documents here that I would like to ask Mr. Zito about and have him identify. This is the first one.

The CHAIRMAN. I hand you what purports to be a photostatic copy of a letter dated July 28, 1948, addressed to AMI Phonographs, 2009 Fulton Street, Chicago, Ill. Apparently it is signed Modern Distributing Co., by Frank Zito.

I ask you to examine this photostatic copy and state if you identify it as being a copy of the original.

(The document was handed to the witness.)

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. You have seen the letter, have you, the photostatic copy?

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. Let the record show he is looking at it when he answered the question, please.

Did you sign that letter?

Mr. ZITO. Yes.

The CHAIRMAN. What kind of a union were you talking about?

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. All right. He identifies the letter. Let it be made exhibit No. 7.

(Letter referred to was marked "Exhibit No. 7" for reference and will be found in the appendix on p. 16929.)

Mr. HACKENKAMP. May it please the chairman, I think the witness was confused in answering the question that he signed. I think he was directing his answer to the question of did he see it.

The CHAIRMAN. All right. I will ask you again. Do you see the letter before you?

Mr. ZITO. Yes. Didn't I say yes a while ago? I think I did. I don't know.

The CHAIRMAN. Well, I asked you. You first declined to answer.

Mr. ZITO. Yes, I do.

The CHAIRMAN. You now see the letter before you, do you?

Mr. ZITO. Yes.

The CHAIRMAN. Did you sign it?

Mr. ZITO. I decline to answer. It may incriminate myself.

The CHAIRMAN. You decline to answer that; it may incriminate you. Is that correct?

Mr. ZITO. Yes.

The CHAIRMAN. Is that your signature?

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. Let the letter be made exhibit No. 7.

Mr. KENNEDY. I would like to have the letter read into the record, Mr. Chairman.

The CHAIRMAN. This letter is on stationery of the Modern Distributing Co., Springfield, Ill, 225 North 5th Street, dated July 28, 1948.

A.M.I. Phonographs
2009 Fulton Street
Chicago 12, Illinois
Dear Mike

We have received our charater [sic] for a union, for the automatic phonographs' here in Springfield. We have been requested to draw up our own By Laws and Contract, by this Saturday July 31, this is the reason we are writing you at this time. We understand that your union in Chicago is operating very successfully and would appreciate you sending us a copy of your By Laws so that we may outline ours along these lines as near as possible.

Mike we would like getting this information as soon as possible do [sic] to the fact they will install our officers and ask for our By Laws and Contract on the next meeting [sic] on the above mentioned date.

Your friend

MODERN DISTRIBUTING COMPANY.
FRANK ZITO.

All right, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, the significant part of this, of course, is that

We have received our charter for a union.

This is from Frank Zito, who is an employer. This is for the automatic phonographs here in Springfield.

We have been requested to draw up our bylaws and contract by this Saturday, July 31, and this is the reason we write you at this time. We understand that your union in Chicago is operating very successfully and would appreciate you sending us a copy of your bylaws so that we may outline ours along these lines as near as possible.

Then we have two letters indicating that a copy of the bylaws was sent by Michael Spagnola.

The CHAIRMAN. I hand you two photostatic copies of letters, one dated July 31, 1948, addressed to you, from Michael Spagnola, of the Auto-Phono Distribution Co. I guess that is Auto-Phonograph Distribution Co.

The other is addressed to you, dated September 15, 1948, from Automatic Phonograph Distribution Co., signed by Michael Spagnola.

Will you examine those photostatic copies and see if you identify them?

[The documents were handed to the witness.]

The CHAIRMAN. Have you examined the letters?

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. All right. Are you looking at them now? You see the letters in front of you, do you?

(The witness conferred with his counsel.)

The CHAIRMAN. Do you identify them?

(The witness conferred with his counsel.)

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. The letters may be made exhibits Nos. 7A and 7B, in the order of their dates.

(Letters referred to were marked "Exhibits 7A and 7B" for reference and will be found in the appendix on pp. 16930-16931.)

Mr. KENNEDY. The letters indicate that the bylaws were sent down, Mr. Chairman, and again shows the close relationship between the association and the union, and also showing the difficulties of investigating these kinds of matters.

For instance, this coin operation was not in Mr. Zito's name. It was in somebody else's name. It was only upon an examination of other records that we learned of Mr. Zito's interest, and also the fact that when we procured some income-tax returns from an independent source we found that Mr. Zito in a couple of years had taken tax losses on the operation of the pinball machines in the Springfield area.

So people that operate such as Mr. Zito, and operate through third parties and fronts, with them it is often very difficult to make a complete investigation.

The CHAIRMAN. The Chair may state that the letter dated July 31, 1948, promises to send a copy of the bylaws, which are not immediately in their possession. It seems they had been loaned to somebody else at the time.

The letter of September 15, 1948, transmits the bylaws to Mr. Zito. All right.

Mr. KENNEDY. Mr. Chairman, after Mr. Hammergren withdrew from the Wurlitzer Co. many of the people that he had brought in transferred over and received their machines from the AMI Co. During the course of the hearings we will be developing that situation, but we have here another letter which this witness cannot identify, but which gives an indication as to the situation during the early 1950's, as far as the operation of hoodlums and gangsters in these companies.

The CHAIRMAN. That letter will have to be properly identified.

Mr. KENNEDY. Mr. Kaplan can do it.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

The CHAIRMAN. You have already been sworn, Mr. Kaplan. You may be interrogated about the letter.

Mr. KENNEDY. Would you identify to whom the letter is written and by whom?

Mr. KAPLAN. Yes.

The CHAIRMAN. Where did you procure the letter? How did you get it?

Mr. KAPLAN. I procured this letter from an examination of the files of the Automatic Phonograph Distributing Co. in Chicago, which was the franchised distributorship that was owned in part by Joseph Glimko and a union official in Chicago, Fred Thomas Smith.

The letter is addressed to a Mr. Divinnell, Minneapolis Security Corp., Minneapolis, Minn. It is under date of February 26, 1951.

The CHAIRMAN. The letter may be made exhibit No. 8.

(Letter referred to was marked "Exhibit No. 8" for reference and will be found in the appendix on p. 16932.)

Mr. KENNEDY. In the letter, Mr. Kaplan, there is some discussion about various individuals.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. I will read just the pertinent part, Mr. Chairman. It is to Mr. Divinnell, Minneapolis, and from the Automatic Phonograph Distributing Co.

Dear Bill: I appreciate your good intentions in sending me the information you did on Modern Distributing Co. and on Mike Keros.

Who is Mike Keros?

Mr. KAPLAN. One of the persons down in there.

Mr. KENNEDY. Do you know anything about his background?

Mr. KAPLAN. No.

Mr. KENNEDY (reading):

I must confess that we already knew as much, but we also have other knowledge which influenced us to accept the deal. We have personal knowledge of the Zito brothers, and know their connections, politically and otherwise. I don't expect any more contracts with them but if it should be necessary I know the risk involved would be as good as any we have ever had. The Keros deal involves one more AMI, and the contract will probably be forthcoming this week. The first phonograph was not for his place of business as you might have supposed.

Then it goes on. The letter indicates that they were aware at the time that the arrangements were made with the Zito brothers, that they were aware of the background of Zito.

It is of significance, Mr. Chairman, that this distributing company in Chicago was a company that was owned at that time, and up until recently, by Mr. Joey Glimco, who was a Teamster Union official, who has been arrested a large number of times, twice for murder, and this other union official, Fred Smith—

Mr. KAPLAN. Fred Thomas Smith, known as "Jukebox Smitty."

Mr. KENNEDY. He also had an interest, the union official, in what union?

Mr. KAPLAN. Local 134 of the IBEW.

Mr. KENNEDY. Did they have jurisdiction over the coin machines?

Mr. KAPLAN. That union had jurisdiction over all coin machines in Chicago.

Mr. KENNEDY. So here are two union officials that controlled the company, one of them being the union official in control of the local that had jurisdiction in these matters.

The CHAIRMAN. In other words, those labor leaders were in the jukebox business?

Mr. KENNEDY. That is correct. And these letters here are from the same company, Michael Spagnola of the Automatic Phonograph Distributing Co., the letters written to Zito telling him about the setup of the union in Chicago.

"We hear you have a good union there." Here it is written to a company that is owned and controlled by two union officials, one of whom is the union official who has charge of the union.

As far as Mr. Zito's brother, who was also in this business, his name was Mr. Anthony Zito. Is that right?

Do you have a brother Anthony?

TESTIMONY OF FRANK ZITO, ACCOMPANIED BY COUNSEL,
ROBERT G. HECKENKAMP—Resumed

Mr. ZITO. Right.

Mr. KENNEDY. He was in this business with you?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. He has been arrested seven times and convicted for violation of the internal revenue laws, sentenced to 8 years in prison. He was arrested for bootlegging, carrying firearms, arson, and assault with a deadly weapon. Is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Do you know a man by the name of De Rosa?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. He was a pinball operator, a pinball operator in Illinois, during 1956-57?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. He was an employee at one time of your brother, Anthony Zito?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. He was a pinball operator until his headless body was found in a cornfield in Sangamon County on December 6, 1957; is that right?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. His body was found after a farm dog found the head and brought it to its master?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Do you know anything about his being killed?

Mr. ZITO. I decline. It may incriminate myself.

Mr. KENNEDY. He had worked for your brother and then had set up a company in competition with your brother. Wasn't that one of the problems?

Mr. ZITO. I decline to. It may incriminate myself.

The CHAIRMAN. Has anybody been convicted for that?

Mr. KENNEDY. No. It is still under investigation, Mr. Chairman. Senator CHURCH. When did it happen?

Mr. KENNEDY. His body was found December 6, 1957.

Could you tell us if the coin machine business was considered at the meeting at Apalachin?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Isn't it a fact that this was discussed, that it was one of the things that was discussed?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. Do you know the penalty that was levied on Mr. Lombardozzi, who attended the meeting in Apalachin?

Mr. ZITO. I decline to. It may incriminate myself.

Mr. KENNEDY. That is all.

The CHAIRMAN. Have you any questions, Senator?

Senator CHURCH. No questions, Mr. Chairman.

The CHAIRMAN. All right. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Michael Genovese.

Mr. Chairman, we have had witnesses from New Jersey, Missouri, Illinois, who are prominent figures in the jutebox business. I would now like to call Mr. Genovese.

The CHAIRMAN. Do you solemnly swear the testimony you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GENOVESE. I do.

**TESTIMONY OF MICHAEL GENOVESE, ACCOMPANIED BY
COUNSEL, VINCENT M. CASEY**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GENOVESE. Michael Genovese, R.D. No. 2, Gibsonia, Pa. At the present time I am not doing anything.

The CHAIRMAN. At the present time you are not employed?

Mr. GENOVESE. Yes, sir.

The CHAIRMAN. Do you have counsel?

Mr. GENOVESE. Yes, sir.

The CHAIRMAN. Identify yourself.

Mr. CASEY. Vincent M. Casey, 720 Grant Building, Pittsburgh, Pa.

The CHAIRMAN. You may proceed.

Mr. KENNEDY. Mr. Genovese, the records that we have show that you and Mr. John Sebastian LaRocca were partners in the L. & G. Amusement Co., which distributes coin machines in Pittsburgh. Is that correct?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Mr. John LaRocca attended the meeting at Apalachin, did he not?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to lead to incriminate me.

Mr. KENNEDY. Isn't it correct that you also attended the meeting at Apalachin?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to lead to incriminate me.

Mr. KENNEDY. Isn't it correct that Mr. Barbara, Junior, had reserved a three-room suite for you at the Arlington Hotel, in Binghamton, N.Y., and that it was charged to the Canada Dry Bottling Co.?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to lead to incriminate me.

Mr. KENNEDY. Isn't it correct that on November 13, 1957, you and John LaRocca registered at the hotel and left the hotel on November 14, the day of the meeting?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to lead to incriminate me.

Mr. KENNEDY. And isn't it correct that you were apprehended with John Asticcio, from New Kensington, Pa., John Sciandra, from Pittston, Pa., and Gabriel Mannarino, from New Kensington, Pa.?

Mr. GENOVESE. I respectfully decline to answer on the ground that it may tend to lead to incriminate me.

Mr. KENNEDY. And isn't it correct that John LaRocca was one of those who was never apprehended at the meeting?

Mr. GENOVESE. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. We have been looking for Mr. LaRocca for a period of approximately a year, and I understand other Government bodies have also been looking for him.

Could you tell us what happened to Mr. LaRocca?

Mr. GENOVESE. I respectfully decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. Do you know whether he is still alive or not?

Mr. GENOVESE. I don't know. I respectfully decline to answer.

The CHAIRMAN. You have already answered.

Proceed.

Mr. KENNEDY. Now you knew Mr. Peter Valente of Rochester, N.Y., who attended the Apalachin meeting with Frank Valente?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to lead to incriminate me.

Mr. KENNEDY. Could you tell us why you have been in touch with them?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to lead to incriminate me.

Mr. KENNEDY. Do you know anything about the operation of the Club 30 outside of Pittsburgh?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to lead to incriminate me.

Mr. KENNEDY. That is not outside of Pittsburgh; it is in Chester, W. Va. Do you have an interest in that, the Club 30, in Chester, W. Va.?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to lead to incriminate me.

Mr. KENNEDY. And you are an associate of Ralph "Foots" Arcadia, Albert "Boots" Bellini, Daniel Bellini, and Thomas Henry "Moon" Mullins; is that right?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Richard Ambrose?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You are one of the primary figures in the control of the numbers racket in the East Liberty and Homewood districts of Pittsburgh?

Mr. GENOVESE. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You were a close associate of Sam Mannarino; is that right?

Mr. GENOVESE. I respectfully decline.

Mr. KENNEDY. The guns that were being flown to Cuba recently, when the plane was apprehended, guns that had been stolen from an armory in Ohio, those guns were being sent by Mr. Mannarino, were they not?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. They were being sent in connection with the revolution in Cuba.

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Do you know anything about that?

(Witness conferred with his counsel.)

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Were you questioned in connection with that?

Mr. GENOVESE. No.

Mr. KENNEDY. Were you questioned in connection with it?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Is it not correct that you owned a farm near the airport from where the guns were placed on the plane?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Have any of your employees in this coin-machine business that you are in, are any of your employees members of any labor union?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Could you tell us why you went into the coin-operating machine business?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Could you tell us what arrangements you have as far as the union is concerned?

Mr. GENOVESE. I decline to answer.

Mr. KENNEDY. Is it correct that any union that exists does not help or assist any of the employees but helps only the employers?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. You have been arrested a number of times, and been convicted of robbery, is that correct, in 1936?

Mr. GENOVESE. I respectfully decline to answer.

Mr. KENNEDY. Could you tell us if the coin-operating machine business was discussed at the meeting at Apalachin?

Mr. GENOVESE. I respectfully decline to answer.

The CHAIRMAN. Are there any questions?

Senator CHURCH. No, Mr. Chairman, I have no questions.

The CHAIRMAN. Stand aside, and call the next witness.

Mr. KENNEDY. Mr. Joseph Salardino.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SALARDINO. I do.

TESTIMONY OF JOSEPH SALARDINO, ACCOMPANIED BY COUNSEL, ALAN Y. COLE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SALARDINO. Joe Salardino, 2430 West 41st, Denver, Colo.

The CHAIRMAN. Are you retired?

Mr. SALARDINO. On advice of counsel I take the fifth amendment and stand on my constitutional rights and decline to answer any questions.

The CHAIRMAN. Have you ever been employed?

Mr. SALARDINO. I decline to answer.

The CHAIRMAN. I believe you have counsel present. Counsel, identify yourself.

Mr. COLE. Alan Y. Cole, 815 15th Street NW., Washington, D.C.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Salardino, could you tell us where you were born and on what date?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. The information we have is you were born in Monroe, La., on July 5, 1905; is that correct?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Would the fact you were born in Louisiana, you think, tend to incriminate you, or born in this country?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. According to the information that we have, you became involved in the coin-operating machine business in January of 1956; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. At that time you entered into a partnership with Clarence Michael "Chauncey" Smaldone; is that right?

Mr. SALARDINO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. As well as Paul Clyde Dilano; is that right?

Mr. SALARDINO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Who is a nephew of Mr. Smaldone; is that right?

Mr. SALARDINO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. That was a vending machine company known as the J. C. & P. Vending Co.; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Was it located at 4101 DeJune Street, Denver, Colo.?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You started in the cigarette machine business, expanded into the jukebox business, and ultimately into the pinball machine field; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And at the beginning employed the services of Frank "Blackie" Mazza; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And the purpose of Mr. Mazza was because of his connections to place machines in businesses where other vending companies already had machines?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now you have been friendly with the Smaldone brothers for a long period of time?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. There was Clyde George, "Flip-Flop" Smaldone, one of the brothers you were friendly with; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And Eugene "Checkers" Smaldone?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. As well as Chauncey Smaldone whom you went in business with?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, they are reputed to be the most notorious racketeers in the Colorado area; are they not?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. "Checkers" and "Flip-Flop" are now serving 12-year terms in the Federal penitentiary at Leavenworth.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And you have also been friendly with other underworld figures in the United States, have you not?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You attended the wedding of Carmela Profaci to Anthony Joseph Tocco?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And present also at that meeting were Mrs. Angelo Palessi, as well as John Ormento.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You stayed in room 640; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And you went there with your brother Gus; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You also have been friendly with James Coletti, of Pueblo, Colo.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. He was one of those who attended the gangland meeting at Apalachin.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And you are frequently in contact with him; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And to show the close connection that you have with these individuals, isn't it correct that the Frank "Blackie" Mazza, who originally worked for your coin-operating machine business, has for a long time been the enforcer for the Smaldone organization?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You have also been friendly with Joseph "Scotty" Sinuzzi, who was formerly associated with the Boulder Club in Las Vegas.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And who controlled the gambling of Pueblo; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And also with "Momo" Adamo, who is a lieutenant of Jack Dragna; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. In fact, when Dragna's address book was picked up, he had your address and telephone number in it, did he not?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And your brother at the present time operates Sali's Music Co. in Pueblo.

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Wasn't there an association of coin-machine operators and servicemen called the Colorado Music Merchants Association, and didn't they sign a contract with local 105 of the Building Service Employees in 1957?

Mr. SALARDINO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Wasn't it agreed that the contract, or under the contract in the agreement and the association, all machines would have the union sticker?

Mr. SALARDINO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that on the board of trustees was Mr. Sam Salardino, your brother?

Mr. SALARDINO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Didn't they agree in 1958 that they would cooperate "among one another against unethical solicitation of one operator's location by another"?

Mr. SALARDINO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Wasn't a committee appointed in April of 1958 to study the problem of jumping locations, and isn't it a fact that your brother was on that committee?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that the union does not operate to help the employees, but just to help the employers?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Sam Salardino and Charles Salardino, brothers of yours, operate the Charles Salardino Music Co. in Florence, Colo.?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Do you know anything about the Paradise Club in Cañon City, Colo.?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Which is operated by your brother, Gus Salardino?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And it shows telephone contacts with John Ormento, who is a notorious narcotics figure in the East, and James Scaletti?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You have been convicted of violation of the Prohibition Act and convicted of robbery in 1935, and sentenced to 15 to 25 years in the State Penitentiary; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Paroled in 1938; is that right?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. This witness remained in this coin-machine business in Denver only for a period of 1 year, and, according to our information, it was because of the activities of the police in that area that finally ended the pressure that this witness and his associates were putting on small tavernowners in the Denver area. So, after we finish with this witness I would like to call a member of the Denver Police Department to describe the situation.

The CHAIRMAN. Do you want to make any explanation of that situation out there?

Mr. SALARDINO. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you want to call a witness regarding this matter?

Mr. KENNEDY. About the activities in Colorado.

The CHAIRMAN. The next witness will relate to this witness' activities.

You may stand aside for the moment and stay within hearing distance of the next witness, and we are going to call a witness to give some testimony that might be of interest to you.

Stand aside for the present.

Call the next witness.

Mr. KENNEDY. Captain Nelson.

The CHAIRMAN. Captain Nelson, will you come around.

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Captain NELSON. I do.

TESTIMONY OF CAPT. WALTER G. NELSON

The CHAIRMAN. State your name, your place of residence, and your present occupation or position.

Captain NELSON. Walter G. Nelson, No. 1 E Street, Denver. Captain of police, in charge of the intelligence division, Denver Police Department.

The CHAIRMAN. How long have you occupied that position, Captain?

Captain NELSON. I have been in charge of the intelligence division for 5 years.

The CHAIRMAN. How long have you been in the police department?

Captain NELSON. 17 years.

The CHAIRMAN. All of the time in Denver?

Captain NELSON. Yes, sir.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. Now, Captain Nelson, you are familiar with Mr. Joseph Salardino?

Captain NELSON. I am.

Mr. KENNEDY. Could you tell us a little bit about his background?

Captain NELSON. Mr. Salardino first came to our attention in December of 1955, shortly after Clyde Smaldone had been sentenced to the Federal penitentiary. At the time he first came to our attention he was associating with other police characters whom we had under surveillance at all times, and we checked him out a little further and he was living with Anthony Smaldone, a brother of Clyde and Eugene, at 3740 Wyandott.

In January of 1956, we received information that a vending machine company to be known as the J.C. & P., the J for Joe Salardino, and C for Chauncey Smaldone, and the P for Paul Valano, was starting business at 4101 DeJune, with the intentions of putting cigarette machines into taverns. There was a lag of approximately 3 weeks from the time that they made their intentions known until their machines were delivered in Denver. They bought 40 National vending machines.

During this period of time, we contacted as many tavern owners as we could and told them if they wanted to do business with these gentlemen on a legitimate basis they were free to do so, but if they were being scared or intimidated by the Smaldone's or Mr. Salardino, we would take care of any trouble of that nature.

Mr. KENNEDY. They had a notorious reputation in Colorado?

Captain NELSON. Very much so.

Mr. KENNEDY. And you rate the Smaldones and Joseph Salardino as the most serious police characters that you had?

Captain NELSON. The Smaldones were the ones in Denver that were the most serious police characters that we had, and the information we received when Mr. Salardino was sent down, he was sent down from the Kansas City area to take over while the Smaldones were in prison, to take charge of the operation and be headman.

The CHAIRMAN. What were the Smaldones sent to prison for?

Captain NELSON. Bribing a Federal jury on an income tax evasion case.

Mr. KENNEDY. Why, in your estimation, would they go into the coin-operating machine business, Captain?

Captain NELSON. They have been in the bookmaking and parlay card business previously, and getting into the taverns is the best place where you have the best reason to go into the taverns when they are

going on legitimate business, to pick up and put down both the parlay cards and also any booking activity that might be there. It gives them a good front for the illegal activity.

Mr. KENNEDY. And who did they use initially?

Captain NELSON. They used Frank "Blackie" Mazza, who has a reputation of being the enforcer or musclemans for the Smaldone outfit in the past. He has been their No. 1 enforcer.

Mr. KENNEDY. What do you mean by "enforcer"?

Captain NELSON. If someone got out of line, Blackie was the one who went in to throw rocks through the windows or muscled and pushed them around, and got into fights with them and would burn cars, gasoline thrown on cars, and just the routine that is used to terrorize people in order to get them to do business.

Mr. KENNEDY. He is the one they first used to go around and see these tavern owners?

Captain NELSON. That is correct.

Mr. KENNEDY. Did they select any specific type of tavern owner, or did they go to all of them, or what?

Captain NELSON. They went to all of the tavern owners, primarily. Their success in getting machines in was only with the Italian tavern owners and they didn't get many machines in any other owners of any other nationality.

Mr. KENNEDY. Who were perhaps subject to more pressure at that time?

Captain NELSON. Subject to more pressure, and also some of them were friends of theirs.

Mr. KENNEDY. What ultimately happened? Were they able to get started very significantly in the Denver area?

Captain NELSON. They had 40 machines, and legitimate owners told us it took at least 100 to even make ends meet, and after about 6 months their activity fell off, and at the end of the year, in January of 1957, they contacted the legitimate cigarette vending machine companies and told them that they would sell them back the 40 machines that were on location, at the new price, even though the machines were a year old at that time, with the threat that if they didn't buy these locations back they would bring in a man from Pueblo who would tear the town apart.

Mr. KENNEDY. So did they buy them back?

Captain NELSON. They bought them back; yes, sir; and every legitimate owner who had lost a location bought the machine in that particular location back, so they had the same locations back.

Mr. KENNEDY. They got their money back?

Captain NELSON. And they got their money back; that is correct.

Mr. KENNEDY. Did they send people in from Pueblo very frequently, or do you have many contacts between your group in Denver and the group in Pueblo?

Captain NELSON. There are very definite contacts between Denver and Pueblo.

In 1951, the grand jury investigation, Lester Lockland, who was brought in to run a wire service in the adjoining county, where they did \$1 million business in a year, testified to the grand jury that Dave Bucumbusso and Joe—

Mr. KENNEDY. Who was the first one?

Captain NELSON. Dave Bucumbusso, B-u-c-u-m-b-u-s-s-o-. And Joe Salardino and Charlie Blandon, and Eugene and Clyde Smaldone were the bosses of this wire outfit that was in Denver. It has been general knowledge that when there is something going on in the Pueblo area, Denver money is invested, and when there is something going in the Denver area, Pueblo money is invested.

Cañon City is just a few miles from Pueblo, and it comes in the same general area.

Mr. KENNEDY. Is that Lester Laughlin who worked up at Chicago?

Captain NELSON. Yes. Lester Laughlin had worked with Moe Annenberg in the wire service. He was brought in on the North Federal Brokerage Service. As soon as he taught the boys the ropes and they knew how to handle the wire service themselves, he was froze out.

Mr. KENNEDY. What about Scotty Spinuzzi?

Captain NELSON. He is well known in the Pueblo area. Scotty Spinuzzi and Joe Salardino were picked up together in the north part of Denver several years ago. During the time that the J.C. & P. was in operation, they were brought into my office and I interviewed Mr. Spinuzzi. His reason for being in Denver at that time was that he wanted to buy seven or eight used cigarette machines.

Mr. KENNEDY. What is the situation now? Have they tried to get back in since 1957?

Captain NELSON. The situation has been very quiet at the present time. They have not attempted to get back into the vending machine business.

Mr. KENNEDY. I think, Mr. Chairman, this shows what can happen if a police department stays on top of these people.

The CHAIRMAN. Is there anything further?

Senator CHURCH. I have no questions, Mr. Chairman.

The CHAIRMAN. Do you think by a police force being diligent and alert, fearless, it can be effective in dealing with these racketeers and crooks? Do you?

Captain NELSON. That is correct, sir.

The CHAIRMAN. So in many areas where a community is inflicted with this evil of racketeering and gangsterism, there must be some responsibility on the part of the local law enforcement officers; is that correct?

Captain NELSON. That is correct.

The CHAIRMAN. In other words, if they really want to clean it up, and will go out to do it, they can, in large measure, control and eliminate it; is that your judgment?

Captain NELSON. I think that is a fair statement, sir.

The CHAIRMAN. I certainly want to commend you and others of your department for your vigilance and for your courage, and for the job you do to keep these crooks out of your community.

Captain NELSON. Thank you, sir.

The CHAIRMAN. You are to be commended, sir, and I hope many other law-enforcement officials throughout the country will emulate your courage and your effective work.

Senator Church?

Senator CHURCH. Mr. Chairman, I would just like to say in that connection that this points up the fact that local law enforcement is indispensable to cleaning out the kind of corruption that this com-

mittee has exposed. We talk a lot about what Congress is going to do. Well, I think that doubtlessly congressional laws are needed and reform is needed at the congressional level. I am hopeful that we will have Federal reform laws in this field enacted in this session of the Congress.

But it is misleading to assume that any kind of congressional enactment will ever constitute a solution to this problem. At the very best, it is just one step in the right direction. I have sat on this committee for more than a year, and seldom have there been instances of corruption, of shakedown practices in local communities of one kind or another that have not, in fact, been in violation of existing peace laws in those communities.

Yet these practices go on because of the lack of effective law enforcement at the local level. Certainly I think that it has been one of the important functions of this committee to alert the American people to these practices so that in their indignation they can call upon local police authorities, local district attorneys, to do their job.

But we would be doing a disservice to the country, and so, too, will the press, if it leaves with the American people the impression that Congress can solve this problem. Congress cannot. It can do its part, but the real solution will come from an indignant people at all levels of government. The most important work of all will be done in each individual community.

I, too, want to join with the chairman in commending the witness who has come here this morning, and I want to thank him for his testimony.

The CHAIRMAN. Thank you, sir.

Mr. KENNEDY. I do have a couple more questions, Mr. Chairman.

The CHAIRMAN. Very well.

Mr. KENNEDY. I would like to say in connection with Senator Church's statement that certainly we have also had great help and assistance from police departments, for instance, in Los Angeles, St. Louis, and New York City, as well as Denver.

Has Mr. Salardino lived quite well out in Denver?

Captain NELSON. He lives very well. He frequents the best restaurants and does no work, to our knowledge, in the 2 years that he has been out of the vending machine business.

Mr. KENNEDY. According to information that we have from one source, we understand that he has never, in the last 6 years, declared more than \$1,900 on his income tax.

Captain NELSON. That is very probably true. His car is listed in his wife's name.

Mr. KENNEDY. Do you know how somebody like that, who is a notorious figure, is able to live to get by year after year without making a proper representation to the Federal Government as to the amount of income that he is earning or receiving?

Captain NELSON. Our information is that the money he is receiving is received through gambling, primarily, and that is awfully hard to prove for the Federal Government. It is a cash transaction.

Mr. KENNEDY. We can find out by making, for instance, a network study, how much money he is spending every year.

Captain NELSON. I would not be surprised if that was not being done.

Mr. KENNEDY. For instance, he is certainly spending more than perhaps \$90 in one year.

Captain NELSON. I have an idea, Mr. Kennedy, that there probably is a study being made of that at this time.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Thank you very much, Captain.

Mr. KENNEDY. Mr. Raymond Patriarca.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PATRIARCA. I do.

**TESTIMONY OF RAYMOND PATRIARCA, ACCOMPANIED BY COUNSEL,
CHARLES A. CURRAN AND SAUL FRIEDMAN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. PATRIARCA. My name is Raymond Patriarca. I live at 165 Lancaster Street, Providence, R.I. I am employed by the Sherwood Manufacturing Co. as a sales manager.

The CHAIRMAN. Thank you very much.

You have counsel present?

Mr. CURRAN. Yes, Mr. Chairman. My name is Charles A. Curran, with offices in the Industrial National Bank Building in Providence. My law partner, Mr. Friedman, is here.

Mr. FRIEDMAN. My name is Saul Friedman, of the same office, associated with Mr. Curran.

Mr. KENNEDY. Would you tell us where you were born?

Mr. PATRIARCA. I was born in Worcester, Mass.

Mr. KENNEDY. What was the date?

Mr. PATRIARCA. 1908, March 17.

Mr. KENNEDY. How long did you live there?

Mr. PATRIARCA. How long did I live there?

Mr. KENNEDY. Yes.

Mr. PATRIARCA. My folks lived in Providence, but when my mother used to give birth, she would go to Worcester. My grandmother lived there. Then she would come back.

Mr. KENNEDY. Then did you move to Providence?

Mr. PATRIARCA. Yes, sir. I was raised up in Providence. I went to Point Street School and to Federal Street School.

Mr. KENNEDY. What did you do after you graduated from school?

Mr. PATRIARCA. After I graduated from school I worked as a bellboy at the Biltmore Hotel.

Mr. KENNEDY. What year would this be?

Mr. PATRIARCA. When the Biltmore opened up, the first year it opened up. What year was that—1923? 1923 or 1924?

Mr. KENNEDY. Then what did you do after that?

Mr. PATRIARCA. Then I lost my father and I guess I drifted a little. I don't know.

Mr. KENNEDY. What sort of business did you have?

(The witness conferred with his counsel.)

Mr. PATRIARCA. During what period, sir?

Mr. KENNEDY. Well, starting after you left as a bellboy at the Biltmore Hotel. What did you do then?

Mr. PATRIARCA. Well, I worked on and off as a salesman.

Mr. KENNEDY. What sort of businesses did you have?

Mr. PATRIARCA. I didn't have no business, but I worked as a salesman on and off.

Mr. KENNEDY. Who did you work for? What sort of a salesman?

Mr. PATRIARCA. I used to buy stuff and go out and sell it in cars.

Mr. KENNEDY. Sell it in cars?

Mr. PATRIARCA. Not cars. Sell merchandise from a car.

Mr. KENNEDY. What kinds of merchandise did you buy and sell?

Mr. PATRIARCA. Well, anything that you could pick up, like you buy stuff wholesale, like sweaters, hosiery, and stuff like that.

Mr. KENNEDY. And you used to tour around selling sweaters?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. From whom did you buy the sweaters?

Mr. PATRIARCA. Well, in them days it used to be down there on Canal Street. Today them people are out of business. That is a long time ago. That is 30 years ago.

Mr. KENNEDY. What were the names of some of the companies?

Mr. PATRIARCA. Solomon, Mr. Charlie Solomon.

Mr. KENNEDY. You used to buy sweaters from him?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. And sell them in the Providence area?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. How long did that last?

Mr. PATRIARCA. I don't know. That is quite a while back.

Mr. KENNEDY. What did you do after you sold sweaters?

Mr. PATRIARCA. Well, I guess I did—I don't know what I done.

(The witness conferred with his counsel.)

Mr. KENNEDY. What did you do after that?

Mr. PATRIARCA. Well, I guess I did nothing.

Mr. KENNEDY. You didn't do anything? When did you start doing something?

Mr. PATRIARCA. I started doing something in 1944.

Mr. KENNEDY. From 1930 or so to 1944 you didn't do anything?

Mr. PATRIARCA. No, I would say from 1932 until 1944.

Mr. KENNEDY. And then what did you do in 1944?

Mr. PATRIARCA. In 1944 I went to work in a restaurant.

Mr. KENNEDY. What was the name of the restaurant?

Mr. PATRIARCA. Louie's Restaurant on Apples Avenue, Providence.

Mr. KENNEDY. What were you doing there?

Mr. PATRIARCA. What, sir?

Mr. KENNEDY. What were you doing there?

Mr. PATRIARCA. I was a counterman, and manager, like.

Mr. KENNEDY. How long did you work in his restaurant?

Mr. PATRIARCA. I worked there about a year or a year and a half.

Mr. KENNEDY. That takes us up to 1945. What did you do in 1945?

Mr. PATRIARCA. Then in 1945 I—I played horses.

Mr. KENNEDY. How long did you play the horses? You went from working at Louie's Bar to playing horses?

Mr. PATRIARCA. That is right.

Mr. KENNEDY. How long did you play the horses?

Mr. PATRIARCA. I think I played horses until 1950.

Mr. KENNEDY. Did you tour the country?

Mr. PATRIARCA. No, sir. I stood in Providence.

Mr. KENNEDY. You just played the horses in Providence.

Mr. PATRIARCA. Yes, sir. Went to the track.

Mr. KENNEDY. How much money did you make every year playing horses?

Mr. PATRIARCA. I don't know. I used to file it in my income. Maybe \$3,500 or \$4,000 at that time.

Mr. KENNEDY. That was just playing the track at Providence?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. The horses?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Did you play the dogs, too?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Just the horses?

Mr. PATRIARCA. Yes.

Mr. KENNEDY. Then that takes us up to 1950. What did you do then?

Mr. PATRIARCA. Then I went into the Sherwood Manufacturing Co. with Vincent Meli.

Mr. KENNEDY. Sherwood Manufacturing Co.?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. What do they do?

Mr. PATRIARCA. They manufacture sport jackets.

Mr. KENNEDY. Where did you know Vincent Meli?

Mr. PATRIARCA. I was born and brought up with him.

Mr. KENNEDY. Vincent Meli, in Providence?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. How much money did you put into that company?

Mr. PATRIARCA. At that time?

Mr. KENNEDY. Yes.

Mr. PATRIARCA. I think about \$12,000.

Mr. KENNEDY. Where did you get the \$12,000?

Mr. PATRIARCA. Well, my mother left me money, sir.

Mr. KENNEDY. When did she die?

Mr. PATRIARCA. My mother died in 1944.

Mr. KENNEDY. Where had the money been kept?

Mr. PATRIARCA. It had been kept home, sir.

Mr. KENNEDY. Where?

Mr. PATRIARCA. What, sir?

Mr. KENNEDY. Where?

Mr. PATRIARCA. It was kept in the cellar at home.

Mr. KENNEDY. In a box?

Mr. PATRIARCA. That was ironed out with the Internal Revenue at the time when I had my trouble with the Internal Revenue. They returned \$60,000 to me, so I must have been pretty honest with me at the time. I am trying to come out and say what is true. If you are trying to mix me up, it is a different story.

Mr. KENNEDY. I don't know anything about the Internal Revenue Service. They returned \$60,000 to you?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. When did they return \$60,000?

Mr. PATRIARCA. About 3 years ago.

Mr. KENNEDY. Let me take you up from 1950 to 1954. \$12,000 was in cash?

Mr. PATRIARCA. Yes, sir; in cash. Yes, sir.

Mr. KENNEDY. You kept it at home?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Didn't you have a bank account at the time?

Mr. PATRIARCA. She probably had. I don't know.

Mr. KENNEDY. You didn't keep the money in the bank account? I am talking about after she left the money to you?

Mr. PATRIARCA. The money left to me was left at home. After she died, it was left to me.

Mr. KENNEDY. How much money did she leave?

Mr. PATRIARCA. Approximately \$80,000 or \$90,000.

Mr. KENNEDY. \$90,000?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Where was that money left?

Mr. PATRIARCA. It was kept down in the basement at home.

Mr. KENNEDY. In cash?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. \$80,000 in cash in the basement?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Weren't you afraid that somebody might come in, some bad man, and steal it?

Mr. PATRIARCA. I don't know. She probably wasn't afraid. I don't know. It was her money, left there by her father. It wasn't mine. It was her money.

Mr. KENNEDY. But she left it to you in 1944 and you kept it in the basement until 1950?

Mr. PATRIARCA. When she left it to me, I started investing it. I invested into a trust fund—the first thing I did was invest it into a trust fund—and invested it into a scholarship for my boy. When the Internal Revenue took it, they cashed in my trust fund and cashed in my boy's scholarship money that I had paid up.

I didn't keep it no longer once I had my hands on it. I put it in circulation, bought bonds with it, and I invested it.

Mr. KENNEDY. When did you get your hands on it?

Mr. PATRIARCA. Right after she died, in 1945.

Mr. KENNEDY. So it wasn't kept in the basement from 1944?

Mr. PATRIARCA. No. I invested it. I invested—the most part of it I invested.

Mr. KENNEDY. Prior to that it had been kept in the basement?

Mr. PATRIARCA. That is right.

Mr. KENNEDY. How much money did you invest in 1945?

Mr. PATRIARCA. In 1945, I think I invested about \$60,000 with the Mutual Life Insurance of New York, in an annuity fund, and I invested with a \$10,000 policy with my boy, an educational policy, a paid-up educational policy, which would have come due when I was 55 years old, but they canceled it out when the Internal Revenue investigated me, and turned it into cash.

Mr. KENNEDY. When did you invest the other \$20,000?

Mr. PATRIARCA. Which other \$20,000?

Mr. KENNEDY. Well—

Mr. PATRIARCA. Do you mean when I went into the cigarette vending business?

Mr. KENNEDY. Yes. Did you invest some of it then?

Mr. PATRIARCA. Yes, when I got it back from the Government.

Mr. KENNEDY. In 1945, some \$60,000 or \$80,000 was left to you by your mother in cash money that she kept in the basement?

Mr. PATRIARCA. That is right.

Mr. KENNEDY. You took \$50,000 approximately and invested that in this trust fund for your son in 1945?

Mr. PATRIARCA. Yes.

Mr. KENNEDY. What happened to the other \$30,000 that she left you?

Mr. PATRIARCA. Well, I kept it around the house. I bought some property with it. I bought property with it.

Mr. KENNEDY. When did you buy the property?

Mr. PATRIARCA. I bought the property in 1947 and 1948. I bought a piece of property on Potters Avenue. I bought a piece of property on—well, off North Main Street. I bought some property. That is what happened.

When my mother died, I went into real estate, in a small scale. I put mortgages out and I bought some property. I bought a piece of property. I had a mortgage on a piece of property on Potters Avenue, and I had another mortgage on another piece of property, and I had to foreclose, and I bought the property. Then I sold the property.

Mr. KENNEDY. Between 1945 and 1948—

Mr. PATRIARCA. I dickered in the real estate business from 1945 to 1948.

Mr. KENNEDY. You invested all of the money, then?

Mr. PATRIARCA. I wouldn't say all of it. I mean, on and off. In the meantime, I was beating horses, too. I was going to the track. Maybe I would get some information on a horse, and I would go and bet. I mean, I was in that, besides investing my money.

Mr. KENNEDY. How much money did you make playing the track after 1945?

Mr. PATRIARCA. I wouldn't know. I used to file.

Mr. KENNEDY. Well, approximately.

Mr. PATRIARCA. I would say \$10,000 or \$12,000 a year.

Mr. KENNEDY. That is just the same track in Providence?

Mr. PATRIARCA. Providence, yes. There were two tracks in Providence.

Mr. KENNEDY. You were playing both of them and making \$10,000 or \$12,000 each year?

Mr. PATRIARCA. Yes. Maybe \$6,000, something like that. I don't know. But I have the figures at home. If I brought my books, I would have showed you.

Mr. KENNEDY. Where did you operate out of when you were betting on the horses?

Mr. PATRIARCA. Where did I operate out of?

Mr. KENNEDY. Yes. Did you go to the track yourself?

Mr. PATRIARCA. I just went to the track.

Mr. KENNEDY. What about Pope's Grill?

Mr. PATRIARCA. Pope's Grill wasn't my grill. Nothing was wrong in Pope's Grill.

Mr. KENNEDY. Who owned that?

Mr. PATRIARCA. My brother-in-law owned Pope's Grill. It wasn't know as Pope's Grill in them days. It was known as Rayo's.

Mr. KENNEDY. Is that your brother-in-law, Joseph Milane?

Mr. PATRIARCA. That is right, sir. And there was something else that should never have happened, through the newspapers. They wrote a monster out of nothing. When they investigated, they found nothing. It caused a young man to die from a broken heart.

Mr. KENNEDY. Did they book horses there?

Mr. PATRIARCA. They booked nothing there.

Mr. KENNEDY. They didn't have runners operating out of there?

Mr. PATRIARCA. Nothing was there.

Mr. KENNEDY. Now we go to 1948 and then were you in the coin machine business?

Mr. PATRIARCA. When, sir?

Mr. KENNEDY. 1948.

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. When did you first go into the coin machine business?

Mr. PATRIARCA. Two years ago. Two and a half years ago.

Mr. KENNEDY. Which would take us to what?

Mr. PATRIARCA. Well, 1957—1958. The beginning of 1957 or the end of 1956.

Mr. KENNEDY. Had any of your family been in the coin machine business prior to that time?

Mr. PATRIARCA. Not to my knowledge; no.

Mr. KENNEDY. Had your brother been?

Mr. PATRIARCA. Well, my brother, his is none of my affairs.

Mr. KENNEDY. You might have talked to him about it. Did you talk to him about it?

Mr. PATRIARCA. Did I talk to him about it?

Mr. KENNEDY. No.

Mr. PATRIARCA. No, I don't think so.

Mr. KENNEDY. Isn't it a fact that your brother was in the coin machine business?

Mr. PATRIARCA. Well, it is something to talk about it. At that time I was active down at Sherwood and he was up at Coin-O-Matic at that time. But I don't know if he was in it or not. If he was, he is down on record for being there. If he was in the business, he is down on record.

Mr. KENNEDY. What was Coin-O-Matic?

Mr. PATRIARCA. Coin-O-Matic is the place that the national cigarettes is incorporated with. National Cigarettes is one department and Coin-O-Matic is another department. It is run out of the same building. At that time, the National Cigarettes was not in with the Coin-O-Matic; it was just the Coin-O-Matic. I think at that time my brother might have had something to do with the Coin-O-Matic. But I wouldn't know. You would have to ask him.

Mr. KENNEDY. The Coin-O-Matic; is that company still in existence?

Mr. PATRIARCA. Yes, sir; sure. It has been in existence for a long time.

Mr. KENNEDY. Do you have any interest in that?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. And the National Cigarettes?

Mr. PATRIARCA. I am interested in National Cigarettes.

Mr. KENNEDY. They operate out of the same office?

Mr. PATRIARCA. They operate out of the same office.

Mr. KENNEDY. And your brother used to be around Coin-O-Matic?

Mr. PATRIARCA. That is correct.

Mr. KENNEDY. Is it correct that your brother received a \$2,000 pay-off from the operators in order to get out of the business?

Mr. PATRIARCA. I wouldn't know that.

Mr. KENNEDY. If you had a conversation with your brother along those lines, you would know that?

Mr. PATRIARCA. Well, I would have to say I would take the fifth or something, and I don't want to. I want to answer you gentlemen, because I have been trying to get this off of my chest for 20 years.

Mr. KENNEDY. I am going to try to help you.

Mr. PATRIARCA. I don't know what he does. I don't know what he does. I have been a goat around Rhode Island for 20 years.

Mr. KENNEDY. The question is whether he received a \$2,000 pay-off from the other operators for getting out, and when you came in a year later, weren't they angry with you for coming into the business?

Mr. PATRIARCA. They were angry with me for coming into the business; sure. They never brought it up to me. They came up and tried to buy us up until 6 months ago. They couldn't buy us out for all of the money in the world. We are not in the business to sell out. I am in the business to stay in it.

Mr. KENNEDY. Who came to you?

Mr. PATRIARCA. Some of the big operators out there.

Mr. KENNEDY. Like who?

Mr. PATRIARCA. I don't know.

Mr. KENNEDY. Well, who?

Mr. PATRIARCA. I don't know. I don't want——

(The witness conferred with his counsel.)

Mr. KENNEDY. I would like to find out.

(The witness conferred with his counsel.)

Mr. PATRIARCA. All right, the Rhode Tobacco Co. in Rhode Island, out of Pawtucket.

Mr. KENNEDY. Who were the big operators who tried to buy you out?

Mr. PATRIARCA. Rhode Tobacco Co.

Mr. KENNEDY. Who specifically from that company?

Mr. PATRIARCA. His name is Ray Simpson. It was a legitimate deal. There is nothing wrong about it. The man wanted to buy us out.

Mr. KENNEDY. Who else?

Mr. PATRIARCA. I don't know. His partner. I don't know his name.

Mr. KENNEDY. Anybody else?

Mr. PATRIARCA. No.

Mr. KENNEDY. Isn't it correct that when you went into the business originally, the operators were disturbed, because they had made at least a \$2,000 payment to your brother in order to keep you two out of the business?

Mr. PATRIARCA. I don't know. It would have no effect on me whatever deal they had with my brother. They got no connection with me. They had no dealings with me.

Mr. KENNEDY. I understand.

Mr. PATRIARCA. There is one thing about me, I have always been a man of my word, and I will die that way, being a man of my word. They had no dealings with me. I don't think there is one operator in Providence that would say a bad word about me.

Mr. KENNEDY. Did you have information that they had paid your brother off in order to keep you out of the business?

Mr. PATRIARCA. I wouldn't know, sir.

Mr. KENNEDY. Did you have any conversation along those lines?

Mr. PATRIARCA. No; not that I know of.

Mr. KENNEDY. Did anybody say anything along those lines to you?

Mr. PATRIARCA. No, no.

Mr. KENNEDY. Did you ever hear this before?

Mr. PATRIARCA. No.

Mr. KENNEDY. Your answer is "No"; you never heard about this before?

Mr. PATRIARCA. No.

Mr. KENNEDY. Did you ever hear about your brother being paid off by the operators?

Mr. PATRIARCA. No. I know my brother was in the business. I know he had machines. He sold out. Who he sold out to or what he got, I don't know.

Mr. KENNEDY. You originally said when I asked you if your brother was in the business, you didn't know.

Mr. PATRIARCA. I said he was around Coin-O-Matic.

Mr. KENNEDY. Now you said he was in the business. You said, "I know he was in the business; he had machines around." Which is it, did you know it or did you not?

Mr. PATRIARCA. Well, sure he was in the business. But you are asking me if he got \$2,000 like a bribe to pay off to go out of business. That I don't know. I know he was in the business; he had machines; he sold his machines because he had two daughters going to school at the time. What happened over there was the other operators had him investigated; they had this and that, and his wife started hollering at him, "What do you want this business, your name in the paper," and he sold out.

That is the story. What he got for it, I don't know. It was no bribe. I don't know who he sold to. No, sir.

Mr. KENNEDY. What kind of machines did he have?

Mr. PATRIARCA. New machines. He started with new machines. I don't know the name of them.

Mr. KENNEDY. Cigarette machines?

Mr. PATRIARCA. Yes.

Mr. KENNEDY. Any other kinds of machines?

Mr. PATRIARCA. No.

Mr. KENNEDY. Just cigarette machines?

Mr. PATRIARCA. Just cigarette machines.

Mr. KENNEDY. Where did he have them?

Mr. PATRIARCA. In Coin-O-Matic.

Mr. KENNEDY. Where did he distribute them?

Mr. PATRIARCA. I guess around Providence.

Mr. KENNEDY. Did you help him at all?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You never did any work for him?

Mr. PATRIARCA. I never helped him and he never helped me.

Mr. KENNEDY. When you went into business, did some of the operators come to see you about not coming into business?

Mr. PATRIARCA. Come to see me?

Mr. KENNEDY. Yes.

Mr. PATRIARCA. No. The talk was around that they wouldn't like to see me in the business because I am supposed to be a popular fellow around there.

Mr. KENNEDY. You are supposed to be what?

Mr. PATRIARCA. A popular fellow; I knew a lot of people.

Mr. KENNEDY. What did they say to you?

Mr. PATRIARCA. Well, not direct. After I was in the business awhile they asked me if I wanted to be partners with them, and this and that. In the business itself I never had 2 cents' worth of business in that business that I ran myself. I don't know nothing about the business. Never went out and got one location myself. I am a partner in a place; I am not denying it. I got 50 percent of my money out there. I never went out and solicited one customer. My partner, Phil Carrozzi, takes care of all of that.

I don't know. If I had to sit down here and name more than five locations that got out of 200, I couldn't tell you.

Mr. KENNEDY. How many locations do you have?

Mr. PATRIARCA. About 200.

Mr. KENNEDY. Where are they?

Mr. PATRIARCA. I wouldn't be able to tell you all but five. But they are all in the area of Providence.

Mr. KENNEDY. Any other States?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. When you first went into business, did the other operators in the Providence area come to you and say, "We bought your brother out. You are supposed to stay out." Did they say anything along those lines?

Mr. PATRIARCA. No.

Mr. KENNEDY. That they had bought him out?

Mr. PATRIARCA. No.

Mr. KENNEDY. Nothing at all?

Mr. PATRIARCA. No.

Mr. KENNEDY. You are certain of that?

Mr. PATRIARCA. Yes.

Mr. KENNEDY. Did you go in originally with your Mr. Carrozzi?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. How much money did he put up?

Mr. PATRIARCA. I think we put up \$9,000 apiece to start with.

Mr. KENNEDY. Was that by check or cash?

Mr. PATRIARCA. Cash. That was when I got the money back from the Government, on my tax that time.

Mr. KENNEDY. How many employees does National Cigarette Vending Co. have?

Mr. PATRIARCA. We have two.

Mr. KENNEDY. Are they members of a union?

Mr. PATRIARCA. No, sir. There is no union down there.

Mr. KENNEDY. Was there ever an approach made by any union?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have any of your locations ever been picketed?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you lost any of your locations to competitors?

Mr. PATRIARCA. No, sir. Once in a while you do. You get someone, probably. But it is not the other people's fault neither. They want to borrow money off of you and you don't give them money so you lose the location.

Mr. KENNEDY. Have you ever loaned any of these people money?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You never have?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You say you went into business with Mr. Carrozzi?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Had he been in the business before?

Mr. PATRIARCA. Not in the cigarette vending business before, but he has been in the pinball and music boxes. He has been in there. He is one of the oldest ones in Rhode Island. I would say he has been in that business over 20 years.

Mr. KENNEDY. How much money did he put up in this venture?

Mr. PATRIARCA. With the cigarette, with National?

Mr. KENNEDY. Yes.

Mr. PATRIARCA. He put up as much as I did, \$9,000.

Mr. KENNEDY. Was that by check or cash?

Mr. PATRIARCA. His must have been check; by check, I guess. But I wouldn't know.

Mr. KENNEDY. Do you have an association there?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Does he still have an interest in pinballs?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. And in jukeboxes?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Have you ever made any loans to his company?

Mr. PATRIARCA. Have I made any loans to his company?

Mr. KENNEDY. Yes.

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you ever given him or his companies any money directly or indirectly?

Mr. PATRIARCA. Have I? No, sir.

Mr. KENNEDY. Have any of your companies that you have an interest in ever made a loan directly or indirectly or given anything of value to Mr. Carrozzi or his company?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you had any financial dealings directly or indirectly with Mr. Carrozzi or his companies?

Mr. PATRIARCA. No, sir, with the exception of the cigarette machine business. That is the only business I have with Mr. Carrozzi.

Mr. KENNEDY. He formed the association, did he, for the music?

Mr. PATRIARCA. I wouldn't know that.

Mr. KENNEDY. You don't know anything about that?

Mr. PATRIARCA. I wouldn't know anything about that. I wouldn't know nothing about that.

The CHAIRMAN. We will not be able to conclude with this witness before noon, so we will take a recess until 2 o'clock. The witness will return at 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 12:05 p.m., the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Church.)

TESTIMONY OF RAYMOND PATRIARCA, ACCOMPANIED BY COUNSEL, CHARLES A. CURRAN AND SAUL FRIEDMAN—Resumed

Mr. KENNEDY. Mr. Patriarca, I would like to go back for a moment on the \$80,000 that was in the basement of the home. Where had your mother gotten that money from?

Mr. PATRIARCA. Well, it was there, her life savings and my father's, and his earnings, and my father has been in business all of his life previous to the time he died.

Mr. KENNEDY. When did he die?

Mr. PATRIARCA. He died in 1925.

Mr. KENNEDY. What business was your mother in?

Mr. PATRIARCA. My mother was in the real estate business and my father was in the saloon business before prohibition, and he was in the real estate business and he was in the real estate business when he died.

Mr. KENNEDY. Where had the \$80,000 come from?

Mr. PATRIARCA. An accumulation of money.

Mr. KENNEDY. It had always been kept in the basement during that time?

Mr. PATRIARCA. Yes, sir. It hadn't all been kept in the basement at that time, but it was brought and put in the basement over a period of time due to the fact that at one time I was in some trouble and that money was taken out to be put up for bail, and it was never put back into the bank and it was in a box and put down in the cellar, which you are going to come to in my record and so I might as well tell you now it was put up as bail money, which the Internal Revenue checked on and found it was true.

Mr. KENNEDY. What was the situation on that? You say the Internal Revenue Department returned \$60,000 to you.

Mr. PATRIARCA. Around \$60,000. They cashed in \$95,000 of real estate and turned back and gave me a check back of \$65,000, or \$60,000.

Mr. KENNEDY. They gave you a check for that?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. What did you do with that money—deposit it in a bank?

Mr. PATRIARCA. No. I cashed it and gave my wife some and she deposited it, and some I invested. I invested in the Sherwood Manu-

facturing Co., and I invested it into the cigarette business, and some I invested in an apartment house that I remodeled.

Mr. KENNEDY. Did you keep any of that cash?

Mr. PATRIARCA. I got some in the safe deposit box.

Mr. KENNEDY. How much money do you have in the safe deposit box?

Mr. PATRIARCA. It is under my wife's name, and I don't know, than I would say maybe—

Mr. KENNEDY. According to the records that we checked, your mother's name is Mary Jane Patriarca.

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. And she left no will; is that right?

Mr. PATRIARCA. That is right.

Mr. KENNEDY. And the estate that she filed or was filed in her name amounted to \$6,993?

Mr. PATRIARCA. Oh, no; she left more than that in real estate alone.

Mr. KENNEDY. And this was filed by an attorney, who listed the Industrial Savings Bank and the Metropolitan Life Insurance, a total of \$6,993.65.

Mr. PATRIARCA. Well, that is probably from the insurance and stuff like that, but she left property, and she left a home which we lived in and it is a \$30,000 home.

Mr. KENNEDY. You were the administrator, were you not?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Do you know what the situation was, then, and did you file a larger estate?

Mr. PATRIARCA. What is that?

Mr. KENNEDY. How much was the estate worth that you filed for, that you filed for your mother?

Mr. PATRIARCA. I don't know. A lawyer by the name of Murphy was the fellow who filed it at that time.

Mr. KENNEDY. How much was it worth?

Mr. PATRIARCA. I don't know, and I wouldn't know.

Mr. KENNEDY. Well, the probate was accepted and filed, and closed April 22, 1957, and it shows \$6,993.65.

Mr. CURRAN. May I have a word, Mr. Chairman?

(The witness conferred with his counsel.)

Mr. KENNEDY. Do you have the answer?

Mr. PATRIARCA. The probate inventory doesn't include real estate.

Mr. CURRAN. In Rhode Island under the law, you don't include real estate in the probate inventory.

Mr. KENNEDY. Don't they include cash?

Mr. PATRIARCA. The cash was given as a gift which was left to me before my mother died, and she made it known to my sisters and brothers that that was my money.

Mr. KENNEDY. So this was not left to you at your mother's death?

Mr. PATRIARCA. No, it was left before she died.

Mr. KENNEDY. She left you \$80,000 in cash before she died?

Mr. PATRIARCA. That is right, and the rest of the stuff was left among us five children.

Mr. KENNEDY. Maybe I am mistaken, but I thought this morning that you said that your mother left it to you when she died?

Mr. PATRIARCA. No, it was left while I was away, and this is while I was away. She left word with my sisters and brothers that if any-

thing should happen to her while I was away, whatever money she had was all left to me, and the property was to be divided among the five of us, and whatever money was in the bank was to be divided and the rest was to be left to me. We had that out with the Internal Revenue, too.

Mr. KENNEDY. Before she died she left it to you?

Mrs. PATRIARCA. Yes, sir.

Mr. KENNEDY. She died and why didn't she leave it in her estate?

Mr. PATRIARCA. I don't know what she did. She left it to me, that is all I know, and in case she died while I was away, and my sisters and brothers knew it was my money.

Mr. KENNEDY. Did you know Frank Iaconi?

Mr. PATRIARCA. I knew Frank Iaconi.

Mr. KENNEDY. How long?

Mr. PATRIARCA. I knew him for a long time previously, before he died.

Mr. KENNEDY. Were you in any business with him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Any financial business with him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you run any gambling establishments in Worcester, Mass.

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you have any interest of any kind there?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Do you know Frank Costello?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You never met him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Joe Stretch?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you ever talk to him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Do you know Larry Noele?

Mr. PATRIARCA. Larry Noele I know; yes, sir.

Mr. KENNEDY. How do you know him?

Mr. PATRIARCA. Well, through the White City Park in Worcester.

Mr. KENNEDY. Does he have an interest in that?

Mr. PATRIARCA. I don't know, sir, but I know his son is down there.

Mr. KENNEDY. Have you had any business dealings with him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you know Albert Anastasia?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you know Bugsey Morelli?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. How long did you know him?

Mr. PATRIARCA. Maybe 40 years, or 45 years, all of my life. He comes from my neighborhood.

Mr. KENNEDY. Did you ever have any financial dealings with him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Where is he now?

Mr. PATRIARCA. He is in Providence.

Mr. KENNEDY. He has not gone down to New York, operating in New York?

Mr. PATRIARCA. Not that I know of, sir, and I don't know. I have stayed in my own business and I don't know what they do.

Mr. KENNEDY. Do you know John Nazarin?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. How long have you known him?

Mr. PATRIARCA. Four or five years probably.

Mr. KENNEDY. Does he work for you?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Where is he now?

Mr. PATRIARCA. In Providence, sir.

Mr. KENNEDY. Has he any contacts in Brooklyn, N.Y.?

Mr. PATRIARCA. Not that I know of.

Mr. KENNEDY. Was he working for you in connection with the jukebox business at all?

Mr. PATRIARCA. He never worked for me or he never worked with Mr. Carrozzi.

Mr. KENNEDY. Did he ever go around to put pressure on the proprietors to use machines?

Mr. PATRIARCA. No pressure was ever put on no business person in Providence with regard to the cigarette machines or pinballs or anything.

Mr. KENNEDY. Do you know if he ever went around to any of the location owners and suggested they use your machines?

Mr. PATRIARCA. He had no reason to.

Mr. KENNEDY. Did he ever?

Mr. PATRIARCA. I wouldn't know that, and he had no reason to, and if he did he was doing it on his own and he might be crazy if he did, but he had no authority to do it.

Mr. KENNEDY. What is his business?

Mr. PATRIARCA. I don't know, sir.

Mr. KENNEDY. You have no idea?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You have known him for 5 years?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. He has never worked for you?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You never gave him any money?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you loan him any money?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you know Tiger Poletti?

Mr. PATRIARCA. I know of him.

Mr. KENNEDY. Did you know him when he was alive?

Mr. PATRIARCA. I know of him, and his name used to be in the paper a lot and I didn't know him to speak to and I just knew him.

Mr. KENNEDY. Do you know what connection John Nazarin had with his killing?

Mr. PATRIARCA. I don't know, sir.

Mr. CURRAN. May I have a word, please, for the record?

John Nazarin was found not guilty of murder in the Superior Court of Providence County.

Mr. KENNEDY. One of the chief witnesses, for the record, also, was strangled to death 3 weeks after Poletti was murdered.

Mr. CURRAN. Nobody was ever indicted on it and I was one of the cocounsel representing John Nazarin.

Mr. KENNEDY. How did you happen to go into the coin operating machine business?

Mr. PATRIARCA. Well, as I said, Mr. Carrozzi asked me If I wanted to invest some money, when he heard I had some money returned, and he asked me if I wanted to invest some money in a slow-return business, and I told him yes, and that is how we got started.

He had been running the business from the first day we started up until now, and I am not active in the business.

Mr. KENNEDY. You had some difficulties with the law prior to that?

Mr. PATRIARCA. What law, sir?

Mr. KENNEDY. With the Government.

Mr. PATRIARCA. Income tax; that is all.

Mr. KENNEDY. You have four convictions; have you?

Mr. PATRIARCA. Read them. No; one conviction with the Government.

Mr. KENNEDY. Breaking and entering.

Mr. PATRIARCA. That is not the Government, sir.

Mr. KENNEDY. In 1928.

Mr. PATRIARCA. That is not the Government, 1928. I think that was the Government, for driving liquor or something.

Mr. KENNEDY. Breaking and entering and larceny, 2 years.

Mr. PATRIARCA. That would be the State.

Mr. KENNEDY. Well, the State government, and in 1930, conspiracy to violate the White Slavery Act.

Mr. PATRIARCA. There is a story to that, but it wasn't true.

Mr. KENNEDY. 1938, breaking and entering, attempt to commit larceny, and 3 to 5 years in Charlestown, Mass.

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. You served 84 days of that.

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. Then you got a pardon, did you, from the Governor?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. And it was granted on the application of the Governor's counsel, Daniel Cokely.

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. And he was impeached.

Mr. PATRIARCA. I don't know whether he was impeached.

Mr. KENNEDY. He was investigated; did you know that?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You don't know anything about that?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You didn't follow it at all?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. You didn't know he was impeached?

Mr. PATRIARCA. I was away at the time.

Mr. KENNEDY. You got out, didn't you?

Mr. PATRIARCA. I went back. They reopened the case and I went back. So I got nothing but a lot of publicity over it.

Mr. KENNEDY. Did you know Daniel Cokely?

Mr. PATRIARCA. Well, I knew of him. When he came up to see me in prison and listened to my story, and he knew I was innocent of the thing and he took the case.

Mr. KENNEDY. In 1941, robbery and assault with intent to commit robbery.

Mr. PATRIARCA. When is that?

Mr. KENNEDY. 1941.

Mr. PATRIARCA. I never got arrested in 1941 for no robbery, sir.

Mr. KENNEDY. Was that when you were put back in?

Mr. PATRIARCA. My last arrest was 1938, and I haven't been in trouble since then, not even for driving without a license or speeding or nothing.

Mr. KENNEDY. So it is three convictions, 1928, 1930, and 1938.

Mr. PATRIARCA. 1938 was the last.

Mr. KENNEDY. And you were paroled on May 11, 1944; is that right?

Mr. PATRIARCA. That is right.

Mr. KENNEDY. Did you go back into prison in November of 1941?

Mr. PATRIARCA. That is right, for something that happened in 1938, that went with the case that I got the pardon on. It was one of the cases put on file and due to the fact that the newspapers made a big stink out of it they reopened the case and they sent me back on it.

Mr. KENNEDY. Why were you involved in all of this difficulty and trouble, breaking and entering and larceny, on two occasions, if your mother had \$80,000 in the basement?

Mr. PATRIARCA. Why do a lot of young fellows do a lot of things, when they haven't a father?

Mr. CURRAN. May I have a minute, please?

(The witness conferred with his counsel.)

Mr. KENNEDY. Do you know Mr. Frank Cucchiara?

Mr. PATRIARCA. Yes.

Mr. KENNEDY. He is from Boston?

Mr. PATRIARCA. Yes, sir.

Mr. KENNEDY. He attended the meeting at Apalachin?

Mr. PATRIARCA. I don't know about that.

Mr. KENNEDY. Have you been in touch with him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you discuss what went on in Apalachin with him?

Mr. PATRIARCA. No, sir; and I had no reason to.

Mr. KENNEDY. What business dealings do you have with him?

Mr. PATRIARCA. None at all, sir.

Mr. KENNEDY. Just a friend of yours?

Mr. PATRIARCA. Well, I wouldn't say he is a friend, and I know him, and he is in business and he has a cheese place out there, a wholesale cheese, olive oil, and Italian stuff, and I used to go to Boston once in a while and I would buy some cheese there, and he carries very good imported stuff from Italy, and I used to do a little shopping there, and that is how I know him and I don't have no business deals or friendship deals or anything like that.

(Members of the select committee present at this point in the proceedings: Senators McClellan and Church.)

Mr. KENNEDY. Have you had any financial dealings of any kind?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. What about Carlo Gambino?

Mr. PATRIARCA. Don't know him, sir.

Mr. KENNEDY. Do you know the SGS Associates, labor relations consultants?

Mr. PATRIARCA. Who?

Mr. KENNEDY. SGS. Do you know them?

Mr. PATRIARCA. Never heard of them.

Mr. KENNEDY. What about the Falcones of Utica? Have you ever heard of them?

Mr. PATRIARCA. Never heard of them. The only Falcones I heard of is Providence, an undertaker.

Mr. KENNEDY. Do you know a Mr. White?

Mr. PATRIARCA. Yes, sir, 30 or 40 years.

Mr. KENNEDY. Have you ever heard of the organizers that Mr. White hired?

Mr. PATRIARCA. I never had anything to do with them. I know him a long time before he was with the union.

Mr. KENNEDY. Have you had financial connection with them?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you suggested to him anyone to be taken into the union?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you suggested anyone to him that should be hired by the union?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Have you had anything to do with the Coro Co. of Providence, R.I.?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Do you know about them being organized by the Jewelry Workers Union?

Mr. PATRIARCA. No.

Mr. KENNEDY. Have you had any conferences in connection with that?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you ever talk to Joe Stretch in connection with that?

Mr. PATRIARCA. No.

Mr. KENNEDY. Do you know Hymie Powell of the Jewelry Workers Union?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Did you ever talk to him?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Do you know Marty Kornreich?

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. Of the Hardware Workers Union.

Mr. PATRIARCA. No, sir.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator CHURCH. No questions, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Charles Lichtman, Mr. Chairman.

Mr. Chairman, we have gone into people with underworld connections and activities, people with criminal records throughout the country in connection with this matter. We went into New Jersey, Pennsylvania, Colorado, and Illinois. There are other active underworld figures who are in this business throughout the United States—for instance, Mr. Colacurcio in Seattle, as well as others.

But we hit that as a general situation yesterday and this morning. Now we expect to go into specific areas and show what the relationship between the union operation and the association operation is and the infiltration in particular cities of gangsters and hoodlums into this business.

We are going into New York.

The first witness in connection with that is Mr. Charles Lichtman.

The CHAIRMAN. Be sworn, Mr. Lichtman.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LICHTMAN. I do.

TESTIMONY OF CHARLES LICHTMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LICHTMAN. Charles Lichtman, 37 Lincoln Park, Newark, N.J. Occupation: Secretary of the union.

The CHAIRMAN. Secretary of the union?

Mr. LICHTMAN. Local 254, Laundry Employees Union.

The CHAIRMAN. Thank you very much.

You waive counsel, do you?

Mr. LICHTMAN. Yes.

The CHAIRMAN. All right, proceed, Mr. Kennedy.

Mr. KENNEDY. Before questioning this witness, Mr. Chairman, we have a mimeographed sheet which indicates the names of individuals who will be involved in this portion, and whose identification will be coming up.

I think it would be helpful if we place it into the record or if we make it an exhibit.

The CHAIRMAN. Do you have extra copies of it?

Mr. KENNEDY. Yes.

The CHAIRMAN. Who prepared this?

Mr. KENNEDY. Mr. May.

The CHAIRMAN. Mr. May, have you been previously sworn?

Mr. MAY. No.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAY. I do.

TESTIMONY OF WALTER R. MAY

The CHAIRMAN. Please state your name, your present employment.

Mr. MAY. Walter R. May, assistant counsel to this committee.

The CHAIRMAN. I hand you here a mimeographed document and ask you to examine it and state what it is.

[A document was handed to the witness.]

Mr. MAY. This document is an identification of individuals of interest in the New York phase of these hearings.

The CHAIRMAN. Would you speak louder, please.

Mr. MAY. It is an identification of individuals associated with the New York phase of this hearing, together with New York unions and associations.

The CHAIRMAN. Did you compile this list, or was it compiled under your supervision?

Mr. MAY. Under my supervision, Senator.

The CHAIRMAN. I understand, Mr. Counsel, these names will be identified and these parties will be referred to, possibly, in the course of further testimony?

Mr. KENNEDY. That is correct.

The CHAIRMAN. This list, for reference, may be made exhibit No. 9. (Document referred to was marked "Exhibit No. 9" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. Exhibit No. 9 will be for reference only. The testimony will identify the parties.

Would you proceed, Mr. Kennedy.

TESTIMONY OF CHARLES LICHTMAN—Resumed

Mr. KENNEDY. Mr. Lichtman, you came originally from east Harlem, N.Y.?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And you grew up with Frank Costello and Cheech Livorsi and people such as that?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Did you ever get particularly friendly with Mr. Livorsi, for instance?

Mr. LICHTMAN. No.

Mr. KENNEDY. You went on an outing with him at one time?

Mr. LICHTMAN. Yes; at one time.

Mr. KENNEDY. What occurred at that time?

Mr. LICHTMAN. Well, we went up into the country at one time. He invited me to some farm up in upstate New York, and we went for a sort of a dinner.

After the dinner, they went out into the backyard and they sat up some cans in the backyard and they pulled out some revolvers and they started shooting at the cans. I stood there watching them. So finally one of the boys said, "Why don't you take a chance and see what you can do."

I said, "Well, I never handled a revolver in my life before, so I will take a chance."

But to their amazement I shot the cans off the same as they did.

Mr. KENNEDY. Is Mr. Livorsi a major underworld figure?

Mr. LICHTMAN. I presume so.

Mr. KENNEDY. About 1930 you entered into the business as a jobber of game machines in New York City?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. At that time, while you were acting as a jobber, you sold a machine to a bar owner to replace a machine that was owned by Frank Breheney?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Did you hear anything further on that?

Mr. LICHTMAN. Well, the first thing I heard of that is that they had kidnapped the mechanic I had employed with me at the time, and they kept him in an apartment.

Mr. KENNEDY. They kidnapped your mechanic?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. Breheney had been a close associate of Dutch Schultz?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. The mechanic handling the equipment for you was kidnaped?

Mr. LICHTMAN. That is right. They asked him who put the machine in this particular bar. He wouldn't tell them at first, but later on he told them it was a party by the name of Lichtman. So they came down and saw me and I had found out since they had thrown the bar over and Breheney came down to me and I had to buy the machine back from the customer.

Mr. KENNEDY. Take your machine out?

Mr. LICHTMAN. Take the machine out, and he could put his machine back in the location.

Mr. KENNEDY. Ultimately you did that?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. In 1938 you entered the labor field?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. You obtained the signatures of 15 or 20 employees in the launderette field?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. You obtained a charter from local 254 of the Retail and Wholesale Department Store Employees International Union?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. About 1940 you expanded into the coin machine business?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And you called this the United Coin Machine Workers Union Local 254?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And you assumed jurisdiction in the game field?

Mr. LICHTMAN. In the game, yes, automatic bowling games, and so on.

Mr. KENNEDY. At that time, or shortly thereafter, were you contacted by the employer organization called AAMONY?

Mr. LICHTMAN. It is the Associated Amusement Machine Operators of New York.

Mr. KENNEDY. A-A-M-O-N-Y?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. It is known as AAMONY?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. The heads of the association met with you at that time?

Mr. LICHTMAN. Yes. They met with me at that time.

Mr. KENNEDY. What did you discuss?

Mr. LICHTMAN. Well, we discussed the contract for the various employees of the bowling game business at that time, and we had signed a 2-year contract to cover the employees representing the operators in the business at the time.

Mr. KENNEDY. What was their interest at that time to sign such a contract?

Mr. LICHTMAN. From what I gathered, at that time the association was interested in signing a collective bargaining agreement. I had subsequently found out that the motive of the collective bargaining agreement was to protect the locations of the various operators that were members of the association.

Mr. KENNEDY. How would they protect them? What was the method they were going to use?

Mr. LICHTMAN. Well, when a location of a bowling game was being jumped, that they would request the union to send a picket out to picket the location where one of its members lost its location.

Mr. KENNEDY. Then you would send the picket out?

Mr. LICHTMAN. We would send the picket out.

Mr. KENNEDY. Where would you get the picket?

Mr. LICHTMAN. From other locals of the United Retail and Wholesale Department Store Union.

Mr. KENNEDY. You would hire a picket?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. For a dollar an hour?

Mr. LICHTMAN. A dollar an hour?

Mr. KENNEDY. And you would send out when the association called up and needed what they called servicing?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. If one of their locations had been jumped and they wanted to get a picket line in front of this location, you would provide the picket?

Mr. LICHTMAN. That is right?

The CHAIRMAN. That was to hold the owner of the business in line?

Mr. LICHTMAN. Yes.

The CHAIRMAN. To compel him to use your machines?

Mr. LICHTMAN. In other words, where the member of the association lost the location, it was taken away by a party who was a nonmember of the association, the association would request that the union place a picket on that location to get the location back for its member.

The CHAIRMAN. In other words, you put up a picket line and that interfered with the operators' business?

Mr. LICHTMAN. That is right.

The CHAIRMAN. In other words, he was confronted with the picket line if he didn't retract and go back to the old machines, and the old crowd, the old association?

Mr. LICHTMAN. That is right.

The CHAIRMAN. Is that the purpose of having the union?

Mr. LICHTMAN. Well, that was the association's purpose of contacting and signing up with the union, to get the locations back for its members.

The CHAIRMAN. What purpose did the union serve for its members? What benefit did the members of the union get out of it?

Mr. LICHTMAN. Well, we organized the mechanics and the collectors in the business until we found that the primary purpose of the association was to get back these locations. Many times we refused to place pickets on locations because it was not a labor problem.

Because of that, the union notified its employers and some of the members, and many of the members we had, not to pay us any more dues.

Mr. KENNEDY. That is quite a few years ahead.

Mr. LICHTMAN. That is quite a few years, yes.

The CHAIRMAN. As I understand the effect of your testimony, it is that the union was simply being used.

Mr. LICHTMAN. Used for the purpose of securing locations.

The CHAIRMAN. For the purpose of serving the owners of these boxes and machines?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. When you originally signed the agreement, how many people came into the union, when you originally signed with AAMONY?

Mr. LICHTMAN. About 50 or 60.

Mr. KENNEDY. How many of these were self-employed?

Mr. LICHTMAN. About 50 percent.

Mr. KENNEDY. And the rest had some employees?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Altogether, what, about 100 people came in?

Mr. LICHTMAN. About.

Mr. KENNEDY. You got about 100?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. The employer would pay the dues? The ones that had employees would pay the dues?

Mr. LICHTMAN. In most cases the employees would pay the dues on what they called sticker money. In other words, every machine that these operators operated, they had paid an average of 50 cents per machine per location. And besides that, \$2.50 a month union dues for the employee.

Mr. KENNEDY. What was the purpose of the sticker fee?

Mr. LICHTMAN. The purpose of the sticker was to see that the union had sufficient money which to use in going out picketing locations that members of the association had lost.

Mr. KENNEDY. So this was just a way of financing the union so that the union could provide services; is that right?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Many of the people didn't know they were in the union, the employees?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Because the employers were paying their dues, the employers were paying the sticker, so there was no need, really, to consult with the employee?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Was it also arranged that you would provide a better contract for the people who were in the association than those who were outside the association?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. The wages that had to be paid by members of the association were lower than those which had to be paid by people who were outside the association?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. You would allow people who were not in the association to come into your union?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. That was one of the major points that ultimately brought about your end of relations with the association?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. As far as the signature cards of the employees, they were left with the employers; is that right?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. The employer either filled them in or got the employees to sign?

Mr. LICHTMAN. Either one; yes.

Mr. KENNEDY. And then they returned them to you?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. Local 254 operations with AAMONY were interrupted by the war?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. So the relationship ended. Then the games were outlawed in New York and it was interrupted in that time?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. It came back into existence in the same way in 1948; is that right?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. You entered into a new contract in 1948 with AAMONY?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And the same purpose that you have described earlier as to the purpose of the association-union relationship existed as of that time also?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. At this time you had people who were not in the association who were members of the union. Did you start getting complaints from the heads of the association?

Mr. LICHTMAN. We did.

Mr. KENNEDY. Had you been providing the same kind of service you described, service in providing the pickets?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And you had been giving the same service to employers not members of the association?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Did you have a conversation with the association?

Mr. LICHTMAN. The association very much objected to the union giving service to those who were not members of the association. We continued to give service to everybody who were members of the union, whether they were in the association or not.

When the association found out we would not play ball with them and give service to their association exclusively, they decided to drop the union entirely and went out shopping for other unions, despite the fact that we had a 2-year contract.

Mr. KENNEDY. Had you started also at this time to consult with the employees?

Mr. LICHTMAN. Yes; we consulted the employees.

Mr. KENNEDY. What did they say?

Mr. LICHTMAN. They seemed to be very indifferent. They all seemed to be in positions of being afraid of their employers?

Mr. KENNEDY. Did the employers say anything to you about consulting with the employees?

Mr. LICHTMAN. They very much objected to us having anything to do with the employees. They wanted all of their business to be done direct—

Mr. KENNEDY. These were people that were members of your union?

Mr. LICHTMAN. That is right. They wanted all of their business to be transacted through the association.

Mr. KENNEDY. Did they say something to you about that, something that "You work for us"?

Mr. LICHTMAN. Yes. "You work for us or we will drop you entirely. We cannot use a union that will not give service exclusively for members of the association."

Senator CHURCH. The service consisted of sending out a picket when the association notified you to a place that was no longer doing business with the association?

Mr. LICHTMAN. Correct.

Senator CHURCH. Did you ever refuse to send out pickets? What other service did you render?

Mr. LICHTMAN. Well, they never wanted us to have anything to do with regard to wages, working conditions, or hours.

Senator CHURCH. In other words, the legitimate services that one would think a union—

Mr. LICHTMAN. They objected to that.

Senator CHURCH. They objected to that?

Mr. LICHTMAN. That is right.

Senator CHURCH. As a result, you didn't get into that very much?

Mr. LICHTMAN. As a result of the various matters that came up before, when they used to ask us to picket certain parties, we refused to picket them, so we were then told we were of no more use to the association.

Senator CHURCH. Where and why did you draw the line? Did they call upon you to picket certain operators or certain locations that actually had been organized, although they were outside of the association? Is that where the difficulty came?

Mr. LICHTMAN. You see, in the coin machine business, the operators get together and they form an association. This association is formed of members who were operating machines in various sections of the city. These operators want protection so that they don't lose these locations. That is, when another operator who is not a member of the association takes the location, that they will use the union to secure the location back for the operator who was a member of the association.

Senator CHURCH. Through the device of picketing?

Mr. LICHTMAN. That is right.

Senator CHURCH. In other words, these associations are formed just to divide up the spoils, so to speak, to divide up the city?

Mr. LICHTMAN. To protect their members only.

Senator CHURCH. Among the members?

Mr. LICHTMAN. That is right. Outsiders are excluded unless they join the association. In fact, in a collective bargaining agreement, they stated in one of the clauses that if we take anybody in we must ask them to join the association. That is one of the very things we refused to do, and that is the reason they dropped our union and went out shopping for other unions.

Mr. KENNEDY. When you placed these picket lines and gave this servicing, you would tell the people, the location owner or whoever owned the machine or whoever might come by, you told them to contact the association?

Mr. LICHTMAN. Well, that is the way our sign read, that the machine in this location was not being serviced by a member of our union.

Mr. KENNEDY. But I am talking——

Mr. LICHTMAN. In order to straighten the thing out they would have to go to the association, either join the association, or give the location back to the operator who originally was there.

Mr. KENNEDY. It wouldn't be a question of straightening it out with the union, but it would be a question of straightening it out with the association?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Then you say that the association became disappointed in you. Did the manager of the association ever approach you about making some financial arrangements?

Mr. LICHTMAN. Well, the manager of the association is—his name is Joe Hirsch; he came to me and asked me to put him on the payroll for \$50 a week and if I didn't put him on the payroll, he would make trouble for the union. I said, "I am giving nobody \$50 a week and I don't care what you do."

Mr. KENNEDY. It was shortly afterward——

Mr. LICHTMAN. Shortly afterward they went around shopping for other unions.

Mr. KENNEDY. Who was running the association at that time?

Mr. LICHTMAN. An attorney by the name of Theodore Blatt and Joseph Hirsch.

Mr. KENNEDY. B-l-a-t-t?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. Were you approached at that time by James Caggiano?

Mr. LICHTMAN. Yes, I was approached by Mr. Caggiano, who offered to give me \$2,000 to turn the contract over to him.

Mr. KENNEDY. He was the president of local 465 of the IUE?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. He sought to buy the membership from you?

Mr. LICHTMAN. The contract.

Mr. KENNEDY. For \$2,000?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. You decided you would not sell it to him?

Mr. LICHTMAN. That is right. But subsequently, Mr. Theodore Blatt and Joe Hirsch met me in a restaurant on 10th Avenue in New York City and convinced me that there is no use in me holding the contract because they have already told all members of the association

and the members that they knew that were members of our union not to pay any more money into the union. Our receipts went from, I would say, supposing \$600 or \$700 a month, down to nothing.

I saw no use in holding the union, and Mr. Blatt had told me at that time that he had contacted Mr. Horowitz, of local 222.

Mr. KENNEDY. H-o-r-o-w-i-t-z, of local 222?

Mr. LICHTMAN. Yes. And that Mr. Horowitz would buy the contract from local 254 for the sum of \$2,000.

Mr. KENNEDY. That is of the IJWU?

Mr. LICHTMAN. International Jewelry Workers Union; yes.

Mr. KENNEDY. He was president of local 222, Mr. Horowitz?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. And they told you of the approach that Mr. Horowitz made about buying the contract?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Did you make arrangements to sell it?

Mr. LICHTMAN. They made arrangements for me to meet Mr. Horowitz. I met him in Brooklyn and he was interested in getting the contract I had with the Associated Association of Music Operators. Seeing that there was no money coming in, that they had deserted us, and that they were going to fight us all the way through, I decided to sell it—the contract.

Mr. KENNEDY. How much did you sell it for?

Mr. LICHTMAN. Local 254 received \$2,000.

Mr. KENNEDY. And the membership was transferred over?

Mr. LICHTMAN. The contract was transferred over to them, and then the membership was notified that the contract with local 254 was transferred to local 222.

Mr. KENNEDY. Do you know if the membership was ever notified about that?

Mr. LICHTMAN. That I don't know.

Mr. KENNEDY. You didn't notify them yourself?

Mr. LICHTMAN. We didn't have anything more to do. We were dropped before that. In fact, they told the members already prior to that time not to pay any more money, so we were out of contact with our members at that time in the coin machine business.

Mr. KENNEDY. I understand. But through this transaction of \$2,000, the membership of your union was sold to local 222?

Mr. LICHTMAN. That is right.

The CHAIRMAN. I hand you what purports to be a photostatic copy of a check dated January 11, 1952, in the amount of \$2,000. I am unable to identify the payee, but maybe you can. I will ask you if you will examine the check and see if you can identify it.

(The document was handed to the witness.)

Mr. LICHTMAN. Yes; that is the check that was given to the United Coin Machine Union for \$2,000.

The CHAIRMAN. That check may be made exhibit No. 10.

(Check referred to was marked "Exhibit No. 10" for reference and will be found in the appendix on p. 16933.)

The CHAIRMAN. What was that check actually given for?

Mr. LICHTMAN. That check was actually given for turning over the contract that the Associated Music Machine Operators Association had with the United Coin Machine Employees Union.

The CHAIRMAN. No. 254?

Mr. LICHTMAN. In other words, local 254 was out of the picture after that.

The CHAIRMAN. Local 254 had a contract with the association?

Mr. LICHTMAN. That is right.

The CHAIRMAN. The association, and its members, and some of its employees, paid dues?

Mr. LICHTMAN. Well, they did not pay at the time that this check was made.

The CHAIRMAN. Well, they had stopped paying, but previously you had the contract?

Mr. LICHTMAN. That is right.

The CHAIRMAN. And they were paying dues?

Mr. LICHTMAN. That is right.

The CHAIRMAN. And that was the source of the income, the lifeblood of local 254?

Mr. LICHTMAN. It stopped.

The CHAIRMAN. When they stopped paying, then they came to you and bought your contract?

Mr. LICHTMAN. That is right.

The CHAIRMAN. That was for \$2,000?

Mr. LICHTMAN. That is right.

The CHAIRMAN. What became of the \$2,000?

Mr. LICHTMAN. It went into the treasury of the United Coin Machine Operators Union.

The CHAIRMAN. What happened to the treasury?

Mr. LICHTMAN. The treasury is still there.

The CHAIRMAN. Do you still have the money there?

Mr. LICHTMAN. Still a good part of it.

The CHAIRMAN. You still have the 254 union?

Mr. LICHTMAN. Yes. It is in the launderette field. We were in the launderette field before, but we went into the coin machine field as another field, and after we lost the coin machines, we still had the laundry employees.

The CHAIRMAN. So this actually went into the treasury and it went on in the union funds?

Mr. LICHTMAN. That is right.

Senator CHURCH. This is like one business selling a franchise to another.

Mr. LICHTMAN. That is right, and which is permissible. In fact, when we sold our contract, our contract then became null and void because local 222, I presume, secured a new contract, or local 222, from what I understand, sold the contract to—

The CHAIRMAN. This was just a way of getting you folks out of the picture and having local 222 take over and start afresh.

Mr. LICHTMAN. That is right.

The CHAIRMAN. The contract, then, just became a chattel that you could sell, like a mortgage, a note, or something else.

Mr. LICHTMAN. It always is in unions.

The CHAIRMAN. Sir?

Mr. LICHTMAN. A contract always is transferrable in unions, from one local to another.

The CHAIRMAN. Do the members have anything to say about it?

Mr. LICHTMAN. Yes, we bring it up to a membership vote, but I couldn't call these members together because they stopped paying dues and they just automatically went out of the picture. We called the Launderette Union and explained it to them.

The CHAIRMAN. At the time of selling the contract, you had no members?

Mr. LICHTMAN. Yes, we had laundry workers in the union.

The CHAIRMAN. But not the coin machines?

Mr. LICHTMAN. Not the coin machines.

Mr. KENNEDY. Going back to James Caggiano, whom we mentioned earlier, he had been hired as an organizer by you for local 254 some time in 1947 or 1948; is that right?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. That was before he set up his own union?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. What was there in his background that made him attractive to you or made you want to hire him?

Mr. LICHTMAN. Well, I knew that he was employed by Meyer Lansky's son as a chauffeur, and I thought that he could, at the time he made the contract with the association, be able to hold up our rules and regulations.

Mr. KENNEDY. Through his connections?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. He bragged about the fact that he had been connected with some of the big racketeers in the New York area?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. In fact, on one occasion, did you hear Mr. Lansky reprimand him for using his name so much?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. That was in the M.B. Distributing Co., which was owned——

Mr. LICHTMAN. It is owned by Meyer Lansky. He told him he wasn't supposed to be connected with any unions or use his name in connection with any unions.

Mr. KENNEDY. Meyer Lansky did?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. M.B. Distributors was being run at that time by Meyer Lansky?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. While Caggiano was working for local 254, he had picketed certain jukebox locations?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Previously, you had had a conversation with a Mr. Frank Calland?

Mr. LICHTMAN. Well, Mr. Calland called me up——

Mr. KENNEDY. Let's identify him. He is of local——

Mr. LICHTMAN. Mr. Calland was, I think, business manager of local 786, IBEW.

Mr. KENNEDY. That was also in what?

Mr. LICHTMAN. In the jukebox field. He called me up and told me that he wanted to see Mr. Caggiano.

Mr. KENNEDY. Now, did he say or had he spoken to you earlier about you keeping away from jukeboxes?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. What had he said to you?

Mr. LICHTMAN. He said, "You fellows stay away from jukeboxes, and I don't want you to have anything to do with them," and that is why he said he wanted to see us.

Mr. KENNEDY. What did he say would happen to you?

Mr. LICHTMAN. He said, "You would get killed," or something like that.

Mr. KENNEDY. Did you get killed?

Mr. LICHTMAN. Not yet.

Mr. KENNEDY. But he told you if you went into jukeboxes or attempted to organize them you would get killed?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Now, despite that, Caggiano was off picketing some of these jukebox locations?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. And then did Mr. Calland, did he have a conversation with Mr. Caggiano about the inadvisability of it?

Mr. LICHTMAN. Mr. Calland asked me to tell Mr. Caggiano to come up and visit him in his office.

Mr. KENNEDY. Prior to that telephone call, had there been another conversation?

Mr. LICHTMAN. It was a conversation outside of the place, of the union office.

Mr. KENNEDY. What was that conversation?

Mr. LICHTMAN. Where Mr. Calland mentioned the name of Socks Lanza, or something like that, and told him to quit involving with juke boxes.

Mr. KENNEDY. Will you relate to the committee what the conversation was that Mr. Calland said to Mr. Caggiano in your presence?

Mr. LICHTMAN. He said something about it—I just don't remember exactly—but he said something, "You had better stay away from the jukeboxes or you'll get yourself in a lot of trouble."

Mr. KENNEDY. Was Little Augie's name mentioned, Little Augie Carfano, and Socks Lanza?

Mr. LICHTMAN. At that time Mr. Calland mentioned two names, Socks Lanza and Carfano.

Mr. KENNEDY. They were interested in Mr. Caggiano staying away from the jukebox business?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Mr. Caggiano, what was his reaction to that?

Mr. LICHTMAN. He said—

Mr. KENNEDY. Did Mr. Calland indicate that Socks Lanza and Little Augie wanted to see Caggiano?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. What did Caggiano say to that?

Mr. LICHTMAN. He said, "To hell with him."

Mr. KENNEDY. So what happened next?

Mr. LICHTMAN. Then I received a telephone call from Mr. Frank Calland and he asked me to advise Mr. Caggiano to come up to his office and see him at 1776 Broadway. I went along and I went to the office of Mr. Calland at 1776 Broadway.

Mr. KENNEDY. Where is his office?

Mr. LIGHTMAN. 1776 Broadway.

Mr. KENNEDY. What floor is it on?

Mr. LIGHTMAN. Eighth floor, and I got into the office and I noticed a couple of people there that didn't look good to me, they looked like real hoodlums to me, and I took a seat near the door in case anything happened so I could get out fast.

Mr. KENNEDY. What date was this—in November?

Mr. LIGHTMAN. In November.

Mr. KENNEDY. And was there anything else unusual about the office?

Mr. LIGHTMAN. What struck me as unusual was that all of the widows seemed to be wide open and I knew something was wrong because I didn't like the looks of these two people in there with Mr. Calland, but anyway Calland didn't like the idea of me being there, and I presume at the time that he had figured I was in the way and they were going to do something to Mr. Caggiano at the time.

He asked us to meet him, or he asked Mr. Caggiano to meet him in Brooklyn at the office of Al Denver, who was then president of the Music Association.

Mr. KENNEDY. Nothing happened at that meeting?

Mr. LIGHTMAN. Nothing happened there, but subsequently I found out—

Mr. KENNEDY. Go ahead.

Mr. LIGHTMAN. Subsequently I found out that Mr. Calland, when I met him later, told me that it is a good thing you were there, because they were going to throw Mr. Caggiano out of the window, and I wondered why they had the windows open.

Mr. KENNEDY. Why had Mr. Caggiano gone up to Mr. Calland's office in the first place?

Mr. LIGHTMAN. Well, Mr. Caggiano knew at that time that Mr. Calland had lost his charter in local 786, and he figured that we of local 254 were the only ones left with a charter in the coin machine business, and he was convinced at that time that possibly Mr. Calland would come in with us or we go in with Mr. Calland.

Mr. KENNEDY. He thought he wanted to make a nice friendly deal.

Mr. LIGHTMAN. That is right, and he thought he would make a deal with them because we were the only ones left.

Mr. KENNEDY. Instead, he was planning to have him thrown out the window?

Mr. LIGHTMAN. That is right.

Mr. KENNEDY. You were present and that was not done, and was there a subsequent meeting?

Mr. LIGHTMAN. Mr. Calland called up Mr. Denver of the association, the Music Association, and made an appointment to meet him in his office at 5 o'clock that particular evening. I wasn't keen about going out to Brooklyn, but Mr. Caggiano said, "Come on out." He said, "Mr. Calland lost his charter, and he is meeting the president of the association and the only thing I think they can talk about is probably they will do business with local 254."

So I went out and I got out to Brooklyn and we pulled up across the street from Mr. Denver's office, and I kind of didn't like the idea of another car standing in front of Mr. Denver's place, with three men in

it; of the three men that were in that car, I think that I recognized two that were up at the office on Broadway.

I didn't want to show that I was a coward in any way, and I would go in and see what it was all about, and so I walked into Mr. Denver's office, and we went into Mr. Denver's office, and we sat there for about 2 minutes and we were talking with Mr. Denver.

Suddenly out of the side door, which leads into a garage, Mr. Calland comes in and he said to Mr. Caggiano, "What do you want?" I think if I recollect rightly, Mr. Caggiano said something about "You having complete jukebox business and you lost your charter and maybe we can do something with you."

So Mr. Calland seemed to be very mad and he walked outside to the garage and he was back in 2 minutes and I imagine that time he called in the hoodlums, and he said to Mr. Caggiano, "Say, come here, I want to talk to you a minute," and so Mr. Caggiano got up out of his chair, and he walked outside of the door into the garage and I don't know, the first thing I saw someone hit him on the head, and I heard screaming, and Mr. Denver ran out of the office and out into where the screaming was, and I closed the door and put a chair under the knob of the door and put my foot on the door to see what was going to happen.

Mr. KENNEDY. What did you hear in the next room?

Mr. LIGHTMAN. I heard screams and yelling and everything, and the first thing I knew Mr. Calland came knocking on the door and he said, "Open the door; give me my coat. My coat is inside," and I said, "I am not opening any door," and he said, "Please, Charlie, open the door and I want to get my coat."

So I didn't know. I did some figuring fast and I kept my foot at the bottom of the door and pulled the chair away and left about this much space open, and I passed his coat out through the door, and he kept pulling at the other end, until he finally got the coat out.

Then I stayed inside and, in fact, in the meantime I had called—I called up the police department on the telephone in the place, and 5 minutes went by, and I heard no noise, and I opened up the door and I looked outside, and I see Mr. Caggiano lying on the floor pretty badly bruised and beaten up. Then I took him out of there and brought him to a doctor's office in New York.

Mr. KENNEDY. What did Denver say, and what was he doing?

Mr. LIGHTMAN. Denver in the meantime ran outside to see what was going on, too, and when he came back I accused him of probably knowing what was going on, but he said, "I didn't know anything about what was going on and I didn't know what the comeoff was," and I said, "It was pretty funny we should be invited out to your office, and Jimmy should get beat up and I was next, and you shouldn't know anything about it."

He said, "Honest to God, I don't know anything about it." That is what he said to me at that time.

Mr. KENNEDY. What did Caggiano report when he got to the hospital?

Mr. LIGHTMAN. What do you mean?

Mr. KENNEDY. What did he say had happened to him?

Mr. LIGHTMAN. He said they hit him with something, and threw him down on the floor, and knocked him unconscious and kicked him in the chest.

Mr. KENNEDY. He reported that to you?

Mr. LICHTMAN. Yes, sir.

Mr. KENNEDY. Did he tell that to the hospital?

Mr. LICHTMAN. Yes, sir.

Mr. KENNEDY. Do you know what he told the hospital?

Mr. LICHTMAN. I think he told the hospital he was in an automobile accident or something.

Mr. KENNEDY. What was your relationship with Mr. Caggiano after that?

Mr. LICHTMAN. Well, after that Mr. Caggiano and I parted company.

Mr. KENNEDY. Why?

Mr. LICHTMAN. Well, on account of this incident. And I figured that I damn near got beat up myself, or killed, or nobody knows what they were going to do, and I thought it best to part company, and he went and got a charter in another union, and he went in business for himself.

At that time I severed my connections with the coin machine business entirely.

The CHAIRMAN. These charters just are handled like a license and they are kind of parceled out to individuals, are they?

Mr. LICHTMAN. I don't know. I have my charter since 1937, and this was 1948, I believe.

The CHAIRMAN. Why do you call it "my charter"?

Mr. LICHTMAN. I mean "our charter." I was the secretary.

The CHAIRMAN. It seems like a lot of them regard it that way.

Mr. LICHTMAN. In union terms, I believe, if you ask any union official, they always say that "It is mine."

The CHAIRMAN. I know that. I have noticed that.

All right; proceed.

Mr. KENNEDY. Now, you also knew Sam Getlan?

Mr. LICHTMAN. I did.

Mr. KENNEDY. Mr. Chairman, you might remember Sam Getlan was the one responsible for the so-called bouncing charter during the hearings that we had on Johnny Dioguardi. He had formerly worked or he testified before the committee that he had formerly worked for Frank Costello in the jukebox business, and he has since passed away over the last year, I believe; isn't that right?

Mr. LICHTMAN. Yes; that is right.

Mr. KENNEDY. Now, he came back, and he was down in Miami, and he came back in 1951?

Mr. LICHTMAN. He came back in 1951 and I met him on the street and he asked me to give him a job, and he was broke and he didn't have any money, and so I gave him \$5, but he kept pestering me I should give him a job, and so I gave him a job and the job was going out to different stores, and getting a list of who had games in their stores. He wasn't so very satisfactory working because he had an old car that he went around with and I gave him one of my other men to work with and the other man claimed he didn't want to get out of the car and he sent him out to find out if there was a game in this particular store.

About that time I got a call from some jukebox mechanics in Westchester County.

Getlan was hanging around the union office at that time, when I received a call, and he asked me if he could go with me, and I thought nothing of it, and I would take him with me.

I went up to Westchester to meet the operators in Westchester and we called a meeting of mechanics, and seven mechanics showed up. It was a disappointment to have a meeting with only seven mechanics showing up, and I sent a car around to the different mechanics again, to meet us again in a 2-week period.

The second week, to my surprise, instead of the mechanics showing up, and some of them did show up, but I found out that subsequently 21 operators showed up at this particular meeting, and they asked me why I was trying to organize the mechanics in this business, as they were all satisfied.

I said the only reason I am trying to organize the mechanics is because I received call from the mechanics and they asked me to come up there to get the mechanics together, and they wanted to join the union.

At this meeting with the 21 operators, and quite a number of mechanics were there, probably about 7 or 8 at the time, I started to give them a story about the reason why they should have a union up here, and why they should join a union, but one fellow spoke up very well about unions, and I figured he was a lawyer, so I asked him, "Are you an attorney?" He said "Yes."

He spoke again, and so he called me outside, and he said to me, "Mr. Lichtman, these fellows here that are meeting are some mechanics but most of them are operators of jukeboxes in Westchester County," and he said, "they called me in tonight to listen to you and they are engaging me to be their attorney to start an association."

And he said to me at that time not to bother with these people now, that they would call me when he became counsel for the association and he was organizing this association in Westchester County for these jukebox operators, and he would contact me when they were organized, and I could make a deal with the association instead of trying to make a deal with the mechanics who are employed in the business.

I left, and Getlan was with me at the time, and we went outside. But I do recollect that this attorney said to me, "I will do business with you, Mr. Lichtman, under one condition, that you do not bring any racketeers into the picture in Westchester County."

I said, "You have my word for it, and I have no connection with racketeers, and I never did business with racketeers in the unions and I certainly will not start now. If I come up here, we will come up clean and legitimate as an organization of the mechanics and collectors in the juke-box business of Westchester."

So I came back to New York and Mr. Getlan was advised by me to go around to contact the mechanics and I gave him the addresses of where these mechanics could be found, and to try to sign up the mechanics individually before we would ever meet with any association in the future.

Mr. Getlan did go around and I was told by the main office of the Retail and Wholesale and Department Store Union at that time that I had no jurisdiction in Westchester County.

So the vice president, Mr. Jack Altman, of the United Retail and Wholesale and Department Stores, gave me a letter to local 305 in

Mount Vernon, N.Y., and he said: "You go up there and speak to Mr. Rosensweig and Mr. Sertes, and possibly you could work through that local."

I went up to see Mr. Rosensweig and Mr. Sertes at local 305 in Mount Vernon, and I explained that we were going out to organize the mechanics and collectors in Westchester County and that they had jurisdiction in retail and wholesale and department store union in that county, and that they could work with us in some way or other.

Mr. KENNEDY. Get to about where you got Mr. Getlan and his activities there.

Mr. LICHTMAN. Well, I took Mr. Getlan up there, and Mr. Rosensweig said, "You bring a desk up to our office, and you leave it in this office here, and you can call yours local 305A."

Mr. KENNEDY. Getlan started working up there?

Mr. LICHTMAN. Getlan started working up there, under local 305A.

Well, about a week later, Mr. Getlan calls me up, and in fact he used to call me up every day to give me a report of his work he did up there, and he probably lied about what he was doing, and then he called me up one day and he said, "I have signed a contract with the association in Westchester County."

I said, "Well, why wasn't I present and why wasn't I told about this contract?"

He said, "Well, I gave them an excuse about you being busy downtown, and you couldn't attend."

When I found out subsequently that Mr. Getlan signed a contract with the Westchester Operators Guild of White Plains, N.Y., with local 305A of Mount Vernon, and he had gone in with Mr. Rosensweig and Mr. Sertes and in their office, and they decided to take this thing over by themselves.

Mr. KENNEDY. And you were forced out of it.

Mr. LICHTMAN. I was forced out of the picture.

Mr. KENNEDY. What did they tell you that you could do?

Mr. LICHTMAN. I met Mr. Rosensweig since subsequently, and he told me that I should forget about Westchester County and this was in June, and he offered me a Christmas present if I would forget about my activities.

Mr. KENNEDY. What kind of a Christmas present?

Mr. LICHTMAN. He said, "We will give you cash," and I actually pushed him out of the car after he told me that.

Mr. KENNEDY. Did you go back up to Westchester then to try to get your union back?

Mr. LICHTMAN. I tried to go back, and get it started again, and I met a party by the name of "Blackie." This Blackie was working with Getlan, and he was supposed to be the strong-arm man. He was the enforcer. He went up to the operators and mechanics and in other words he bulldozed them saying, "You have to stay with Getlan's union, and this fellow is out, and he has nothing to do with it anymore."

As much as I tried to talk to these people up there, I just made up my mind about it.

Mr. KENNEDY. Who was Blackie?

Mr. LICHTMAN. Well, Blackie seemed to be a tough guy to me.

Mr. KENNEDY. Did you ever identify him?

Mr. LICHTMAN. Yes, I identified his picture.

Mr. KENNEDY. Who is he known as?

Mr. LICHTMAN. I don't know who he is.

Mr. KENNEDY. Is this Blackie? Did Blackie tell you anything about himself?

Mr. LICHTMAN. Well, he told me that he did a bit up in Westerfield prison and I better not fool around up in Westchester County, because if I do I would only get the worst of it.

He said, "You take my advice and stay out of Westchester entirely."

Mr. KENNEDY. The worst of it; what did that mean?

Mr. LICHTMAN. Some harm would come to me.

The CHAIRMAN. I want to see if you can identify this picture.

I hand you a picture here which bears No. 73059, New York City Police. Will you examine it and state if you identify the person?

(A photograph was handed to the witness.)

Mr. LICHTMAN. Yes, that is Blackie.

The CHAIRMAN. That is the Blackie that you are talking about?

Mr. LICHTMAN. That is right.

The CHAIRMAN. Whatever his name is, you don't know except that is the Blackie you are testifying about?

Mr. LICHTMAN. That is right.

The CHAIRMAN. That picture may be made Exhibit No. 11.

(Document referred to was marked "Exhibit No. 11" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you know anything about the background of this fellow Blackie?

Mr. LICHTMAN. Well, subsequently I found out, or when I met him at an operators' meeting, when I was talking to some mechanics, he tried to chase me out of the offices and prevented me from talking to the mechanics in this operators' place. He said, "I want you to know I did a bit up in Westerfield, and if you don't stop fooling around with me you will get yourself hurt some way or other, and stay out of Westchester County."

The CHAIRMAN. This Blackie tried to run you out of Westchester County?

Mr. LICHTMAN. He told me to stay out.

Mr. KENNEDY. Could we have a member of the staff identify the background of Mr. Blackie?

The CHAIRMAN. You have not been sworn, have you?

Mr. CORRIGAN. I have not been.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CORRIGAN. I do.

TESTIMONY OF JOSEPH CORRIGAN

The CHAIRMAN. State your name, your present employment and occupation.

Mr. CORRIGAN. My name is Joseph Corrigan, and I am a detective in the New York City Police Department. I am assigned to the criminal intelligence squad of the New York City Police Department.

The CHAIRMAN. How long have you been with the New York Police Department?

Mr. CORRIGAN. Eleven years, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Corrigan, do you have the police sheet or the background on the individual that is identified as "Blackie"?

Mr. CORRIGAN. Yes, sir, I do.

Mr. KENNEDY. Who is that man?

Mr. CORRIGAN. That man is Lawrence Centore, C-e-n-t-o-r-e.

Mr. KENNEDY. Briefly, what is his number of arrests and convictions?

Mr. CORRIGAN. On the sheet here, sir, he has 12 arrests, showing 1 conviction.

Mr. KENNEDY. In 1932 he received a 7-10 year sentence for a payroll holdup?

Mr. CORRIGAN. In 1931 on this sheet, sir. In 1932 he was sentenced.

Mr. KENNEDY. In 1942 he was admitted to Fordham Hospital suffering from gunshot wounds?

Mr. CORRIGAN. That is correct.

Mr. KENNEDY. He has been charged with robbery a number of times and felonious assault and burglary?

Mr. CORRIGAN. Yes, sir.

Mr. KENNEDY. Thank you.

TESTIMONY OF CHARLES LICHTMAN—Resumed

Mr. KENNEDY. Now, you still decided you wanted to get your union back, and did you go back up there?

Mr. LICHTMAN. I went back there a number of times, but I found out that Mr. Getlan had a pretty good hold on it because he had brought in some mobsters in the picture.

Mr. KENNEDY. You talked to a man by the name of Valachi?

Mr. LICHTMAN. Yes, sir.

Mr. KENNEDY. Who is Valachi?

Mr. LICHTMAN. I happened to know Valachi from around Harlem and he thought he could straighten it up for me.

The CHAIRMAN. This police record of this man Lawrence Centore, may be made exhibit 11A.

(Document referred to was marked "Exhibit 11A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. He is an associate of Anthony "Strollo," alias Tony Bender, and Vincent Morro, convicted of violation of the Federal narcotics laws, conspiracy, in 1956 and sentenced to 5 years. He has 17 arrests, and 5 convictions. You contacted him to try to get help?

Mr. LICHTMAN. No. He contacted me, and he said he could straighten it up for me.

Mr. KENNEDY. He told you he could straighten it up?

Mr. LICHTMAN. Yes, sir.

Mr. KENNEDY. What happened then?

Mr. LICHTMAN. So he had me go up to a bar on 180th Street and Southern Boulevard, and I don't know what happened, and I sat out in front of the bar.

Mr. KENNEDY. Who was that who met at the bar?

Mr. LICHTMAN. Well, I met Getlan there and I saw this Blackie there, and this Mr. Valachi went in the backroom and they had a meeting.

Mr. KENNEDY. Who was in the backroom?

Mr. LICHTMAN. I don't know who was in the back.

Mr. KENNEDY. Did you know Jimmy "Blue Eyes" was in the backroom?

Mr. LICHTMAN. I didn't see him myself, and I saw a party, Tommy Milo.

Mr. KENNEDY. M-i-l-o?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. A notorious gangster in New York?

Mr. LICHTMAN. I imagine so.

Mr. KENNEDY. Jimmy "Blue Eyes" Alo?

Mr. LICHTMAN. I didn't see him.

Mr. KENNEDY. Ratteni?

Mr. LICHTMAN. I didn't see him there.

Mr. KENNEDY. Did you know he was there?

Mr. LICHTMAN. I know they were hoodlums, but I don't know who they were. I recognized one of them.

Mr. KENNEDY. They had a meeting as to who was to control the jukebox union in Westchester?

Mr. LICHTMAN. Yes.

Mr. KENNEDY. What did they decide?

Mr. LICHTMAN. From what they told me at that time, Valachi told me at that time, that my partner, Jimmy Cagginao, took \$500 and sold me out and for that reason I couldn't get anything back there no more.

Mr. KENNEDY. This meeting in the backroom of the bar decided that you should not have the union, that it should stay with Mr. Getlan?

Mr. LICHTMAN. That is right. "You have no racket connections, you are nobody, so you are out."

Mr. KENNEDY. You had Mr. Valachi, who has a pretty good record.

Mr. LICHTMAN. He was just trying to deceive, which I knew he couldn't do nothing, but I wanted to see what he was going to say.

Mr. KENNEDY. So anyway, it was decided that you were finished?

Mr. LICHTMAN. That is right.

Mr. KENNEDY. Did Valachi say that there was any way of reversing this decision?

Mr. LICHTMAN. Well, he said at the time that there could be a reversal if you take care of some people. I said, "What do you mean take care of some people?" And he said, "Well, you have to put four people on the payroll and take care of everybody."

I said, "Look, I don't want this Westchester deal. I don't want nothing with the union up there. Forget about the whole thing." I made up my mind to forget the whole thing because I wasn't going to share anything with anybody.

Mr. KENNEDY. Actually, this was a rather profitable area, operation, that you were discussing, was it not?

Mr. LICHTMAN. Well, it amounted to about 4,000 machines in Westchester County.

Mr. KENNEDY. Which, of course, is not just the dues of the employees.

Mr. LICHTMAN. 60 cents for labor for 4,000 machines, and \$3 a month dues for each mechanic.

Mr. KENNEDY. So that would be \$3 or \$4,000 a month?

Mr. LICHTMAN. Around three or four thousand dollars a month.

Mr. KENNEDY. How far up did that extend?

Mr. LICHTMAN. Well, it was only Westchester County, as far as I was concerned, but I understand that when Getlan got there, he went all the way up to Syracuse.

Mr. KENNEDY. So that would have included even more than 4,000 machines?

Mr. LICHTMAN. Yes; very much more. He started to climb from one county to another until he got up to Syracuse.

Mr. KENNEDY. Did you understand the connection with Tommy Milo? Do you know what Getlan's connection with Tommy Milo was?

Mr. LICHTMAN. Well, when Getlan first come with me, and he was up there, I heard him mention a man by the name of Tommy Milo. I said to him, "Who is this Tommy Milo?" He said, "Some racket guy that owns a bar in Yonkers somewhere."

I said, "Look, I don't want you to go near any racket people."

Mr. KENNEDY. Yes; but where did he say his connection was?

Mr. LICHTMAN. His brother.

Mr. KENNEDY. His brother; Getlan's brother?

Mr. LICHTMAN. Did time with Milo's nephew, at that time he told me. That is how Getlan was able to contact this Milo.

Mr. KENNEDY. All right.

The CHAIRMAN. Have you anything, Senator?

Senator CHURCH. How long has it been that you have been out of this coin-operating union business?

Mr. LICHTMAN. Seven or eight years.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much. Call the next witness.

Mr. KENNEDY. We have an affidavit in the form of a letter from Jack Altman, of the Retail, Wholesale, and Department Store Union, CIO, which I would like to read the pertinent parts of into the record, after you examine it.

The CHAIRMAN. Very well. The affidavit will be admitted in evidence. It will be made exhibit No. 12. You may read the pertinent parts of it.

(Affidavit referred to was marked "Exhibit No. 12" for reference and will be found in the files of the select committee.)

Mr. KENNEDY (reading) :

In 1951 I was the vice president of the Retail, Wholesale, and Department Store Union, CIO. I was also its eastern regional director, which area covered that of New York. At a meeting of the international executive board of the above-mentioned union held in Atlantic City on March 27, 1951, it was moved, seconded, and carried unanimously that Charles Lichtman and local 254 shall be suspended from the international union, pending investigation in accordance with the international constitution, article 13, sections II and VII.

A hearing committee was thereafter appointed by President Irving Simon, now deceased, which called Mr. Lichtman and all local officers to appear and give reasons why the charter in local 254 should not be resolved. The officers of the local failed to appear and the charter was automatically revoked.

The reasons for this action, to the best of my recollection, were as follows:

(1) The international union was reluctant to have any local union functioning in the coin machine field because the industry itself was under suspicion as being run by shady elements.

(2) The practice of selling union labels to this industry lent itself to abuse.

(3) The complaints had been made to the Brooklyn district attorney by some employers that while not substantiated seemed to have some element of truth.

(4) Most of the activity of the local seemed to be to adjudicate and allot territory for coin machine owners and not to improve conditions of the workers. We didn't know whether the membership of local 254 consisted of workers or employers.

(5) We had heard rumors that Mr. Lichtman was operating with an A.F. of L. charter at the same time as that of a CIO. We were shown labels that Mr. Lichtman was accused of selling that bore an A.F. of L. union name and not that of local 254, CIO.

For all these reasons and because the field was suspect, our international executive board was glad to get rid of this local.

It is signed Jack Altman, vice president.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Theodore Blatt.

The CHAIRMAN. Mr. Blatt. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLATT. I do.

TESTIMONY OF THEODORE BLATT

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BLATT. My name is Theodore Blatt. I live at 1515 East Eighth Street, in the Borough of Brooklyn, city of New York. I am an attorney duly admitted to practice in the State of New York, with offices at 32 Broadway, Manhattan.

The CHAIRMAN. You waive counsel, of course?

Mr. BLATT. I do, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. I would like to have Mr. May question this witness.

The CHAIRMAN. All right, Mr. May.

Mr. MAY. Mr. Blatt, you became associated with an employers' group, an association, in 1932, called the Greater New York Operators Association?

Mr. BLATT. That is right. When you say "associated" I was retained by them as counsel.

Mr. MAY. You served as counsel for the association?

Mr. BLATT. Yes, sir.

Mr. MAY. Around 1936 to 1937, was there a meeting called to consider a merger with another association called Amalgamated?

Mr. BLATT. Let me say this at the outset. I am an active practitioner. When you ask me questions about something that happened in 1936 or 1937, my best answers will be mere conjecture or guesswork. I don't recall. There may have been. There was some talk of trying to consolidate two existing operators' associations.

You see, there was one operators' association in the Borough of Brooklyn and Queens and there was another one of operators who operated in Manhattan and the Bronx.

Mr. MAY. Mr. Blatt, we discussed this matter in New York. You recall the situation where there was a meeting held to consider a merger of these two associations, and received some visitors at that meeting?

Mr. BLATT. Yes. I recall that.

Mr. MAY. Would you tell the committee what happened when those visitors arrived?

Mr. BLATT. Well, we had an operators' meeting. I was on the dais. So was the attorney for the Manhattan organization. Someone at the door called for the chairman of the board, and after awhile he came back and reported to me that a delegation, that is, several people, had come in and announced to him that they have taken over the organization.

They also stated, "We know you have \$700 or \$800 in the bank. You can keep that, but whatever comes in today, of course, belongs to us."

Mr. MAY. Who did these people represent?

Mr. BLATT. They mentioned some names. I don't think it would be even fair to repeat them. They are matters of hearsay.

Mr. MAY. Did they say they represented Joe Adonis?

Mr. BLATT. They said that they were sent by Joe Adonis.

Mr. MAY. Mr. Chairman, Joe Adonis was a notorious hoodlum and racketeer in the Brooklyn area and deported himself in 1956. He received a number of convictions.

Mr. Blatt, you then became attorney for what we are calling AAMONY sometime in the 1940's?

Mr. BLATT. That is correct. I might add that the following day after that visit—I reported the incident in the DA's office over in Brooklyn, but let's go back to the question. I was. When AAMONY was reorganized after a lapse of time, I was again retained by them.

Mr. MAY. About 1948?

Mr. BLATT. Thereabouts.

Mr. MAY. Did you participate in the negotiations with Mr. Lichtman when his union, local 254, signed a contract with your association?

Mr. BLATT. Most likely. I was present at all collective bargaining sessions.

Mr. MAY. You heard Mr. Lichtman's testimony here earlier today?

Mr. BLATT. I did.

Mr. MAY. Was it correct?

Mr. BLATT. No. No, and I don't intend to characterize his testimony. I think the appearance, the testimony, of the person speaks for itself. I think it is quite apparent that the man is a labor adventurer.

The CHAIRMAN. A what?

Mr. BLATT. A labor adventurer, and I am being kind in using the word "adventurer." He testifies that he started out with a laundromat charter. He then branched out into the coin-machine business, and, subsequently, you have heard him say that he and Jimmy Caggiano tried to take over the juke box business.

If I may continue, I heard from the testimony of an affidavit from the Retail Clerks and so forth that in addition to the CIO charter, Mr. Lichtman was also doing business under an AFL charter.

Mr. MAY. Mr. Blatt, why did your association sign a contract with Mr. Lichtman's union?

Mr. BLATT. The coin-machine business is a very vulnerable business. An operator will buy a number of machines and put them out on loca-

tions. Any hoodlum that gets a charter, and it is easy enough for hoodlums to get charters, apropos of the chairman's remark, all he has to do is hire some Bowery bum and put a sandwich sign on his back and walk in front of the locations and that operator will come running fast to join that union or any other union in order to protect his business.

Mr. MAY. Is that what happened to the members of AAMONY?

Mr. BLATT. That is what happened to the members of AAMONY, with Mr. Lichtman and all the others who tried to get in.

Mr. MAY. They were forced to sign these contracts?

Mr. BLATT. Right. In fact, I, as the attorney for the organization, tried consistently to keep these people at bay.

Mr. MAY. A number of members of AAMONY are self-employed operators?

Mr. BLATT. That is right.

Mr. MAY. Maybe 50 percent or more?

Mr. BLATT. It is about correct; one way or the other.

Mr. MAY. These operators were also forced to become members of local 254?

Mr. BLATT. That is right.

Mr. MAY. What could the union do for these people, Mr. Blatt?

Mr. BLATT. Primarily avoid molesting their locations. If they didn't pay the dues and assessments, their locations would be picketed. Mr. Lichtman, as well as the others, did picket, not locations to save the operators, but to enforce his demands for dues.

Mr. MAY. Did the members of AAMONY request service from Lichtman's union?

Mr. BLATT. Well, you are asking me about a field that is not in my line.

Mr. MAY. Mr. Blatt, aren't you also an operator?

Mr. BLATT. I have a financial interest in a small route, but I am not an operator. It is a corporation and I own some stock in it.

Mr. MAY. Is that a jukebox route?

Mr. BLATT. I beg your pardon?

Mr. MAY. Jukebox or games?

Mr. BLATT. Both.

Mr. MAY. Did you have an interest in that company at the time you represented AAMONY?

Mr. BLATT. Yes. Well, I represented AAMONY until last year.

Mr. MAY. Did you ever request Mr. Lichtman to give you service?

Mr. BLATT. No, sir.

Mr. MAY. Did any employee of yours request Mr. Lichtman's union?

Mr. BLATT. No, sir.

Mr. MAY. Did you ever request any union to give you service?

Mr. BLATT. No, sir; I did not.

Mr. MAY. Were you satisfied with Mr. Lichtman's treatment of your association?

Mr. BLATT. Well, I wasn't satisfied with any union that wanted to impose assessments and so forth. You have my prior testimony. You can see that, that I consistently advised the organization to attempt to negotiate with a union, a large union. I didn't think that this industry was big enough to support the union of its own. A

large union that would be satisfied merely to charge dues, a large union that wouldn't need assessments in order to meet its expenses.

Mr. MAY. Did you contact Mr. Lichtman and suggest to him that he sell his contract?

Mr. BLATT. No, I never did. I heard the testimony here for the first time.

Mr. MAY. Did you not arrange a meeting between him and local 222?

Mr. BLATT. No, sir; I did not.

Mr. MAY. Didn't you sit in at that meeting?

Mr. BLATT. I did not.

Mr. MAY. When Mr. Horowitz of local 222 paid Mr. Lichtman \$2,000, were you present?

Mr. BLATT. I was not.

Mr. MAY. Were you responsible for the eventual sale of the contract from local 222 to Mr. Caggiano's union?

Mr. BLATT. I was not—I had no part in the sale. I started the negotiations with local 222, counselor. I had met Mr. Horowitz.

Mr. MAY. You were friendly with Mr. Horowitz?

Mr. BLATT. I had met him at about that time in connection with a political campaign in Brooklyn. I was told that he was the president of a large, substantial union. I took my problems to him. I told him what our problems were.

Mr. MAY. You had some conversation regarding the union business?

Mr. BLATT. That is right.

Mr. MAY. Did you tell him about Mr. Lichtman's union at that time?

Mr. BLATT. Well, I started negotiating with Mr. Horowitz, and I asked him could we possibly arrange to have a committee of our board of directors discuss with his officials the possibility of entering into a collective-bargaining agreement with local 222. That started the machinery going between Lichtman, Caggiano, and Mr. Horowitz. I know of the \$2,000 payment. I know that they paid him, as Mr. Horowitz puts it, to compensate them for their organization work.

The way he puts it, "Every union has expenditures in organizing. We reimburse them for organization expenses in the sum of \$2,000." But I don't recall ever sitting in on any of these conferences. But, as I said, it is a long time ago. I don't remember whether I was there or not. I see nothing wrong even if I was present, so that any statement I make here I am simply giving to the best of my recollection.

Mr. MAY. Mr. Blatt, when the contract with local 254 was in existence were you aware that other operator members of the association requested service from Mr. Lichtman, requested pickets from Mr. Lichtman?

Mr. BLATT. The operators, as far as I know, and at the meetings when I reported the results of either negotiation or the culmination of a collective bargaining agreement, the report to the operators was that when a location is lost, whoever belongs to the union, the employee whose livelihood is hurt should report it to his union.

The union requested such reports. First of all, the union had an interest in the location. As you know, they made an assessment at the

rate of anywhere from 50 to 75 cents for each location. When they lost a location they lost the income. They wanted to know that.

Mr. MAY. So as I understand it, a self-employed operator would, himself, notify the union?

Mr. BLATT. Very likely.

Mr. MAY. And in the other case, where there were employees, the employees would notify the union?

Mr. BLATT. That is correct.

Mr. MAY. The result would be, either way, that the union would picket the location?

Mr. BLATT. If the machine was operated or serviced by a nonunion mechanic, the union was supposed to picket that location.

Mr. MAY. Did the employees pay dues to the union, Mr. Blatt?

Mr. BLATT. Well, the contract provided for checkoff.

Mr. MAY. Who actually paid the dues for the employees?

Mr. BLATT. And then again this is—I can only testify from myself. But from my best knowledge and experience, it was usually paid by the operator, although you are in a better position to know. You have questioned a number of operators.

Mr. MAY. Who paid the dues for your employees, Mr. Blatt?

Mr. BLATT. The corporation in which I hold stock.

Mr. MAY. Later, after Mr. Caggiano signed a contract with your association, you ran into some difficulty with a man named Al Cohen and union 465? Union 465 belonged to Mr. Caggiano, and Al Cohen's union was 443 of the Retail Clerks?

Mr. BLATT. That is correct.

Mr. MAY. What happened in that instance?

Mr. BLATT. Well, unfortunately, as the chairman said, a charter is something like a chattel that is handed around, and an individual by the name of Al Cohen obtained such a charter and announced that he was taking over the coin-machine business. He proceeded to picket locations, even though they had union labels belonging to 46—I can't keep track of these numbers. Caggiano's was 463?

Mr. MAY. No. 465, independent.

Mr. BLATT. Even though these locations, these games, had labels of 465, Mr. Cohen proceeded to picket the locations, with the result that the operators, the people that I represented, were caught in the middle.

As a matter of fact, some of the operators paid to both unions. We, of course, complained to Mr. Caggiano, and said, "This is a jurisdictional dispute that you should be able to straighten out."

Mr. MAY. Were there situations where pickets representing both unions were picketing the same locations?

Mr. BLATT. No. Cohen's—Cohen would picket locations belonging to our members. To retaliate, 465 would throw pickets on locations belonging to the other union.

Mr. MAY. Did you have a meeting with these individuals and make some suggestions?

Mr. BLATT. Yes. A meeting was held before the board of directors of the association of AAMONY at their office, and the suggestion was made that they combine forces and have one union.

Mr. MAY. Did that come to pass?

Mr. BLATT. That did.

Mr. MAY. Were the individual union members consulted in this change?

Mr. BLATT. The requests came from the individual members to the board of directors, and, of course, it then had to be submitted on the open floor to the membership.

Mr. MAY. The union membership?

Mr. BLATT. No. To our membership. Well, this question of their consolidation was no concern of the operators. It is strictly a union——

Mr. MAY. You don't know whether it was submitted to the union membership or not?

Mr. BLATT. No, I do not.

Mr. MAY. 433 was eventually placed into trusteeship by the international of the RCIA, the Retail Clerks, and the Retail Clerks, as I understand it, suggested that the association members or the employees of the association members pay dues to local 888 of the Retail Clerks; is that true?

Mr. BLATT. Well, a letter was received at the office of the association—I recall seeing it—in which a trustee suggested that the dues be paid to the trustee.

Mr. MAY. Did that ever happen?

Mr. BLATT. No. They decided not to pay to the trustee.

Mr. MAY. The association members didn't want to do business with local 888?

Mr. BLATT. The association members didn't want to do business with any union, if they had their free choice.

Mr. MAY. When you lost local 433, that left the association without any union?

Mr. BLATT. That is correct.

Mr. MAY. What took place thereafter? Were approaches made by various unions?

Mr. BLATT. Well, a number of individuals holding charters from different internationals, from different unions——

Mr. MAY. Would you list a few, Mr. Blatt?

Mr. BLATT. Well, there was No. 19.

Mr. MAY. Of what international?

Mr. BLATT. I don't know.

Mr. MAY. The Federated Service Workers Union?

Mr. BLATT. I don't know. We know them by lottery numbers. No. 19. No. 433 was reorganized as an independent. For about a year, as you have noticed, we were without a union, and when the going got rough and we saw that we had to negotiate with the union for self-preservation, for self-protection, I again reached out for a good, strong, legitimate union, a large union, where our membership could get lost in the shuffle, a union that would take us in only on a dues-paying basis.

I asked a Teamster local, I think it is 222——

Mr. MAY. 202?

Mr. BLATT. 202. Whether they would negotiate a collective bargaining agreement for our industry.

Mr. MAY. Do you know the full name of local 202?

Mr. BLATT. I gave the card to Mr. Constandy.

Mr. MAY. According to our information, it is called the Produce Purveyors, Fresh and Frozen Vegetable, Processed Fish Drivers.

Mr. BLATT. Yes. But it is legitimate—it is a good union. It is a union that we would have no hesitation to do business with.

Mr. MAY. Why weren't you able to do business with 202?

Mr. BLATT. Well, we had several negotiations, meetings with them. We had arranged several committee meetings. Wages and other items had been discussed. We were on the verge of entering into a collective bargaining agreement. Then we called a membership meeting to submit it to our membership.

Mr. MAY. Excuse me. At this point, Mr. Blatt, did local 202 present to you any designation cards for employees?

Mr. BLATT. No, no.

Mr. MAY. So you had a board meeting?

Mr. BLATT. That is right. Several other unions came along at that time with pledge cards, seeking negotiations with us. Of course, while we were negotiating with 202, we kept them at bay. After considerable difficulty, the membership decided to go with 202.

Then when I called up the next day to arrange for committees to meet and to negotiate, we were first told that we would have to wait a while, and then we were told that 202 had lost jurisdiction from the international.

Mr. MAY. What union was given jurisdiction by the Teamsters?

Mr. BLATT. Local No. 226.

Mr. MAY. Who is the head of that local?

Mr. BLATT. Well, the people that approached me was a man by the name of De Grandis.

Mr. MAY. Apparently he is president of that union.

Mr. BLATT. And Zundel.

Mr. MAY. Mr. Blatt, had you been approached prior to this time on one occasion by Mr. De Grandis?

Mr. BLATT. Yes. He came to see me a year or 2 years prior to that.

Mr. MAY. What did he want at that time?

Mr. BLATT. The same as the others. He announced that he had a charter, and would there be any possibility of negotiating a collective bargaining agreement. I told him at the time that we had a collective bargaining agreement.

Mr. MAY. Did he give you any references at that time?

Mr. BLATT. Well, he mentioned that somebody in the industry referred him to me.

Mr. MAY. Who was that?

Mr. BLATT. He mentioned the name of Mr. Sugarman. I have since checked with Mr. Sugarman and he denies that he ever sent him to me or gave him my name or referred him to me.

Mr. MAY. Who is Mr. Sugarman?

Mr. BLATT. He is the head of Runyon Sales.

Mr. MAY. So you were becoming forced to do business with local 266?

Mr. BLATT. Ultimately, we did business with 266.

Mr. MAY. When local 19 of the Federated Service Workers Union made their approach, I understand that you did not wish to do business with local 19. Why was that?

Mr. BLATT. As attorney for the organization, I tried to get for them the best possible deal. I don't think—I didn't think 19 would fit the bill.

Mr. MAY. Why?

Mr. BLATT. We would again be confronted by a small group who would have to make a living out of this industry. I don't think that this industry can support the union. I preferred a large union.

Mr. MAY. Did you have some objection to the personnel?

Mr. BLATT. I did not like the personnel either.

Mr. MAY. Do you recall——

Mr. BLATT. All I could do was simply advise them.

Mr. MAY. In your opinion, who made up the personnel of local 19?

Mr. BLATT. Well, I met a man by the name of Amalfitano.

Mr. MAY. Anyone else?

Mr. BLATT. No. Amalfitano is the only one that I met.

Mr. MAY. Did you understand that the Gallo brothers had some interest in local 19?

Mr. BLATT. Yes.

Mr. MAY. Do you recall how you once described the Gallo brothers?

Mr. BLATT. Well, in my opinion, as I stated before, I think that these people are the successors to Murder, Inc., and I just didn't want to have any part of them.

Mr. MAY. So you didn't want local 19——

Mr. BLATT. Or 266 or any of the others.

Mr. MAY. You preferred local 202. The Teamsters granted jurisdiction to local 266 and Mr. De Grandis and you were eventually forced to sign a contract with local 266?

Mr. BLATT. Well, in a roundabout way, which would take a long time to explain. But eventually we found ourselves with a collective bargaining agreement with 266.

Mr. MAY. I have just one more point, Mr. Blatt.

I noticed in one of the contracts that you had signed, or that was signed by the association, and Mr. Caggiano's local, there is one particular clause describing the grievance committee. It says:

The labor-management committee or any other joint committee designated for this purpose.

The next clause reads:

Any location owner who desires to change operators, or operators who desire to abandon locations, shall submit notice in writing to the union of such intention. Any controversy arising because of such intended changes shall be submitted to the grievance committee heretofore mentioned.

Apparently that binds a location owner.

Mr. BLATT. Well, no. It was intended to open the door to a location owner that wants to change operators, whether for lack of service or type of equipment.

Mr. MAY. He must then go before the grievance committee?

Mr. BLATT. That is right. And state his reasons for wanting to change, and if they were well founded I imagine he could change his operation.

The CHAIRMAN. Mr. Blatt, how does a workingman get any benefit from this sort of an arrangement?

Mr. BLATT. Senator, this was not a business where a question like that could be answered as lawyers would like to answer it.

The CHAIRMAN. I understand maybe it isn't. That is why I want to inquire about it. You think about labor unions as an institution, an instrumentality to serve the interests of working people.

Mr. BLATT. Do they?

The CHAIRMAN. I say we want to think of them that way. I am trying to ascertain whether these unions that were operating in this field, signing up the employers, whether they provided any benefits for the man who worked.

Mr. BLATT. That, Senator, was secondary. Primarily, like Mr. Lichtman and the others you will see here, they were interested in their own welfare.

The CHAIRMAN. The primary interest was to serve the owner or operator of the stand?

Mr. BLATT. No, sir, Senator. The operator, the owner, does not need a union. They fought them off at every chance. He didn't want the union.

The CHAIRMAN. Who is interested in the union?

Mr. BLATT. It was forced upon them.

The CHAIRMAN. Whose interest did it serve? It didn't serve the working person; you said that was secondary. Whose interest did it serve?

Mr. BLATT. The labor man.

The CHAIRMAN. The racketeer?

Mr. BLATT. The man who walked around with a charter in his pocket. It is unfortunate that charters are obtained in that manner.

The CHAIRMAN. Isn't it true that the man placed the machines in there because it protected their territory, when they would call out these pickets to picket a place?

Mr. BLATT. Picketing a place to protect the operator was a rarity, Senator.

The CHAIRMAN. It did happen?

Mr. BLATT. If it happened, it happened only in a location where a machine was put in there that was not serviced by a union employee. It is quite evident that the union could not in truth put a picket out with a sign that the game is not serviced by a union mechanic when in fact it is a union machine.

The CHAIRMAN. The whole thing as it operated was a racket.

Mr. BLATT. As far as the operators are concerned, Senator, and I have lived with them for 30 years, they are as fine and decent and respectable a group of people as you will find in any industry in the country. It is unfortunate that these people, as I say, can get charters and go out and harass them, the same as they harass other lines of business.

I am sure the Senator is familiar with the situation upstate, up in Suffern, where an individual with a record for bank robbery and a few other things came out and harassed the businessmen to the point where murder was committed. We are in the same position.

The CHAIRMAN. We are familiar with a great deal of it, but what I am pointing out is that an operation of this character is not an operation designed and promoted in the interest of the working people, is it?

Mr. BLATT. This question would lend itself to an answer to "Have you stopped beating your wife?"

I say this: By the very nature of the business——

The CHAIRMAN. I think the answer would have to be no, he hasn't, because I think this is still a beating and it is a racket. You say you are people of good, honest businessmen, and they are forced into it.

Mr. BLATT. That is right.

The CHAIRMAN. I asked you if the laborer gets any benefit out of it and you don't know of anything that they do get out of it. So no one gets anything out of it except the racketeer.

Mr. BLATT. The people who run the unions. Labor in this field is scarce. Mr. Chairman, they are well paid. They didn't need the union and we certainly didn't.

The CHAIRMAN. Is there anything else?

Senator CHURCH. Yes, Mr. Chairman.

There was a period of time, a rather long period of time, when local 433, which was affiliated with the Retail Clerks International Union, represented your association?

Mr. BLATT. Yes, sir.

Senator CHURCH. That is correct, is it not?

Mr. BLATT. That is right.

Senator CHURCH. In 1957 was this local 433 put under trusteeship by the Retail Clerks, do you recall?

Mr. BLATT. Yes, sir. We received a letter that the trustee was appointed.

Senator CHURCH. Then at a subsequent date, the chart that I have before me indicates that it was in March of 1957, did the International Organization of Retail Clerks suspend or withdraw that charter for local 433?

Mr. BLATT. Well, I believe the charter, to all intents and purposes, was suspended when the trustee was appointed. Of course, they demanded that all books and records be surrendered, and the treasury.

Senator CHURCH. At the time that the international established a trusteeship over this local?

Mr. BLATT. Yes, sir.

Senator CHURCH. At about that time or shortly thereafter, your organization was involved in negotiations which looked toward another union, and ultimately you came to the contractual terms with local 266.

Mr. BLATT. Yes, sir.

Senator CHURCH. Why did you drop local 433 following the trusteeship? Did your contract expire? Why was it that you changed unions at that time?

Mr. BLATT. The trustee actually put them out of business and besides the contract had expired in the meantime. Then there was a lapse of about a year that we had no relationship, labor relationship, with any union.

Senator CHURCH. Let me ask you this: After you made your contract with local 266, did that local represent any other operators in the business in the area besides those that belonged to your association?

Mr. BLATT. Yes, they did.

Senator CHURCH. Did they represent any sizable number? Were there other operators in sizable numbers other than those that were in your association?

Mr. BLATT. Yes, there were operators who belonged to the union and did not belong to the association. I believe a list was submitted to the authorities by the office.

Senator CHURCH. Were some of these represented by this union?

Mr. BLATT. Yes, sir.

Senator CHURCH. So what you would ask the committee to believe, then, is that your association was compelled to form these contracts with unions, of one kind or another, because your failure to do so would result in troubles to your members, including the picketing of members and so forth, although you would have preferred not to have dealt with these unions and although they were of no benefit or service to you or your members?

Still you were constrained to do so, and, as a result, the workers did not benefit; you or your members in the association did not benefit; only the union organizer; is that right?

Mr. BLATT. That is about a clear résumé of the picture.

Senator CHURCH. That is the representation you want to make to this committee as to what was going on?

Mr. BLATT. Right. Let's keep the record clear. I have not represented the organization since May or June of last year, any organization in this field.

Senator CHURCH. For what reason are you no longer representing this organization?

Mr. BLATT. Well, there came a time when my advice was not heeded. Therefore, my usefulness to the organization was at an end and I tendered my resignation.

Senator CHURCH. You have severed your relations with the association?

Mr. BLATT. That is right.

Senator CHURCH. That is all.

Mr. KENNEDY. You found it advisable, did you not, on occasion to try to deal with the union? Didn't you find it advisable and helpful for your association on occasion to try to make an arrangement with the union?

Mr. BLATT. Well, helpful in the sense that when we had one union the others stayed off our backs.

Mr. KENNEDY. On occasion, if you preferred one union over another, you wanted to do business with some unions? You found that helpful to the association?

Mr. BLATT. With a legitimate union; yes.

Mr. KENNEDY. You also found it helpful to have pickets available to give service to the association; isn't that correct?

Mr. BLATT. The picketing, Mr. Kennedy, was at the request, if there was any picketing, at the request of the members of the union, whose livelihood, or who had lost the locations.

Mr. KENNEDY. Just answer the question.

There were occasions, and you are aware of the fact that there were occasions, that association members requested picketing from the union?

Mr. BLATT. I don't know. I don't know what other operators have done. I don't know what the other members have done, Mr. Kennedy. I think I answered that question.

Mr. KENNEDY. I am asking you: You knew that there were occasions that the members of the association requested picketing, requested servicing?

Mr. BLATT. There may have been. I don't know. I did not call. You are asking me for what other people have done, Mr. Kennedy.

Mr. KENNEDY. Yes. I am asking you. This was well known in the industry, well known in the trade, and you were aware of it during this period of time.

Mr. BLATT. When I reported the results of collective bargaining—

Mr. KENNEDY. Just answer the question, Mr. Blatt. You were aware of the fact that this was going on.

Mr. BLATT. Mr. Kennedy, I will answer it in this manner—

Mr. KENNEDY. Will you answer whether you were aware of the fact that the servicing was being requested by members of the association, and then you can go on and give any explanation that you want.

Mr. BLATT. I cannot make a positive statement of that nature, because you are asking me to testify as to what other people have done. As an attorney you know, Mr. Kennedy, that that is not a proper question.

Mr. KENNEDY. Yes, it is a very proper question. I am asking you if you were aware in the industry, from the information that you received, that there was servicing being requested by members of the association.

Mr. BLATT. I am aware of the contrary, Mr. Kennedy. The instructions were that if a location is lost, that the member of the union, the employee, should report it to his union, not that the operator should. As a matter of fact, I instructed the operators not to call the union.

Mr. KENNEDY. Is it not a fact that a great number of the members of the union were self-employed people?

Mr. BLATT. That is right.

Mr. KENNEDY. They were members of the union. These self-employed people would call up and ask for servicing?

Mr. BLATT. Very likely.

Mr. KENNEDY. Then at least the members of the association, at least those who were self-employed, were receiving some benefit from this union?

Mr. BLATT. If the union responded, and if picketing was successful, then they have received some benefits.

Mr. KENNEDY. By the union's granting of servicing, of giving this picketing?

Mr. BLATT. That is it.

Mr. KENNEDY. That is the reason that you paid the so-called label charges, so that you would be able to finance the union?

Mr. BLATT. I said that before.

Mr. KENNEDY. I want to put this together, because you were beginning to describe this as just a terrible thing that was being done by union officials. But this was actually a collusive arrangement, that you people also benefited very heavily from this arrangement.

Mr. BLATT. Mr. Kennedy, the operators benefited nothing from that arrangement.

Mr. KENNEDY. We just went through it.

Senator CHURCH. Then why did the operators from time to time—why did the operators from time to time, if they derived no benefits at all, ask the union to go out and picket certain establishments? What was the purpose of making such a request by the employee-operators if there was no service or no benefits to be derived?

Mr. BLATT. Senator, there was so little of taking locations from each other that it isn't worthwhile talking about. Let me take just a minute to explain.

Senator CHURCH. Why was there so little of this? Do you mean that the association worked so smoothly that nobody invaded anybody else's territory?

Mr. BLATT. No, sir, from the very nature of the business. If operator A takes a spot from operator B, in order to take that location, he must offer either a bigger commission or a substantial bonus. That makes the location unprofitable, because if it is a good location, operator B will meet operator A's offers and see to it that the location is not taken away, and what is more, A would retaliate against B because every operator is vulnerable.

Senator CHURCH. The process of competition, isn't that what we think is very laudable in business?

What makes this process of competition such an insidious thing in the coin-operated field?

Mr. BLATT. I didn't say insidious. But I said from the very nature of the business, every operator is vulnerable to the same evil.

Senator CHURCH. Vulnerable to competition?

Mr. BLATT. Of this kind, yes.

Senator CHURCH. What is wrong with this kind of competition? What is wrong with offering to various tavern and cafe owners a better deal?

Mr. BLATT. Senator, if you knew the facts—

Senator CHURCH. I am learning the facts.

Mr. BLATT. If you are learning the facts, you would know that every tavern owner plays one operator off against the other. You will find that the same tavern owner will collect money from two or three different operators in the same year and make his changes. There is no such thing today as an operator owning his location. Every morning he gets up, he has less locations than when he went to sleep with. The competition is very keen.

Senator CHURCH. It would seem to me that you very well described the reason for the association and why these arrangements are made.

When I go down to bargain for an automobile, I suppose I am playing off the Chevrolet dealer as against the Ford dealer to try to get my price.

That, generally, is regarded as a very good thing in our economy, because it tends to keep prices down and tends to protect the consumer.

Also, it tends to improve the efficiency of the various dealers and their manufacturing concerns.

Now, the purpose of this association, if I understand your reference to this process as an evil, is to see to it the evil does not spread very far, and that the members are protected within the association so as to prevent this competition from taking place.

I think that that may be cozy for the operators, but it doesn't necessarily—I should think it would be hard to be an arrangement in the public interest.

Mr. BLATT. The lot of the operator, Senator, is not an enviable one. Let me explain it this way. An operator goes in and signs a contract with a tavern owner for 2 years. Three or four months later the tavern is sold. The new owner immediately calls in all of the merchants, the game operator, the jukebox operator, the cigarette operators and so forth. "I am a new man. How much is it worth to you?"

Even though you have bought a 2-year contract and paid for it, your location is not yours for 2 years. You go back and sue the fellow who sold the tavern, if you can find him. You just don't find him.

The evil today is on the other shoe.

Senator CHURCH. Do you mean the location owners themselves are such a menace to the operator that for protection the operator must necessarily join in an association with other operators so as to prevent this tavern owner or this restaurant owner from being a threat to him?

Mr. BLATT. Unfortunately, the association cannot prevent this. There are many other things that a trade organization—that people in an industry get together to form a trade organization.

Senator CHURCH. You see, so frequently in these committee hearings we find out that the rackets that are going on don't involve the big business organizations that are well able to protect and defend themselves. No, they involve the little retail owner, the little storekeeper, the little restaurant owner, the little tavernkeeper, who is not very able to protect himself.

Here again we have an industry where, typically, the machines are set out in taverns and restaurants and in small independently owned and operated businesses.

You say these people are kind of a menace, if this thing were turned out into the jungle of free enterprise, that they are kind of a menace to the operator.

If that is so, why aren't these machines simply sold to these people? Why this lease arrangement or this special "Let's divvy up the proceeds" arrangement and "we retain ownership of these machines and then we form an association and slice up the city so as to eliminate competition."

Mr. BLATT. There was no such a thing, Senator, and many storekeepers owned their own equipment and the reason that more of them don't buy it is because these are mechanical contrivances that go out of order, and a jukebox requires records and needles and parts and service and so forth.

Senator CHURCH. So does my television set.

Mr. BLATT. The fellow who is experienced buys his own equipment and operates his own equipment and nobody bothers him. There is no such thing, Senator, in New York, as a territory deal or a protection racket or anything of that sort, at least none to my knowledge, and I have represented the game industry for many, many years. I know, Senator, I have dozens of lawsuits in my office, where we are suing storekeepers for having taken the money from one operator and

thrown him out and taken another operator. I have got dozens of such lawsuits pending today.

Senator CHURCH. Well, in any case, you have testified that among the members of your organization there have been those who from time to time asked the union organization to intervene and to picket certain establishments. I should think that if that is so, in those cases it is self-evident that the union served to benefit or confer certain benefits or the requests would never have been made.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, I might just say that according to the testimony of the last witness, the arrangements now with the union are arrangements with Local 266, of the International Brotherhood of Teamsters. That is that union that now has the contract with the association, and that union is run by Mr. Joseph DeGrandis, who has been arrested some five times, and has been convicted twice, once for criminally receiving stolen property, and the second time for violation of the internal revenue laws.

I would like to call Mr. Green.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREEN. I do.

TESTIMONY OF MILTON GREEN, ACCOMPANIED BY COUNSEL, SAMUEL MEZANSKY AND JOSEPH GODMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GREEN. My name is Milton Green, 2684 Coney Island Avenue, Brooklyn, N.Y.

The CHAIRMAN. What is your business or occupation?

Mr. GREEN. I am a coin-machine operator.

The CHAIRMAN. A coin-machine operator?

Mr. GREEN. Yes, sir.

The CHAIRMAN. You have counsel. Counsel, will you identify yourself?

Mr. MEZANSKY. I am appearing for Mr. Green, and my name is Samuel Mezansky, 350 Fifth Avenue, New York City, and associated with me is Joseph Godman, 274 Madison Avenue, New York City.

Mr. KENNEDY. Mr. Green, you began in the coin-machine business in the early thirties?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You were in pin games and in slot machines in New York City when it was legal?

Mr. GREEN. Just a few.

Mr. KENNEDY. You were in pin games in Newark and Miami also?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Beginning in the 1930's, and at the present time you have approximately 50 jukeboxes and 70 game machines on location?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You have two employees; is that right?

Mr. GREEN. Plus my son.

Mr. KENNEDY. And your two employees are members of local 1690, of the RCIA?

Mr. GREEN. That is right.

Mr. KENNEDY. They handle the game route; is that right?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. No; they handle the jukeboxes.

Mr. GREEN. Yes, that is right.

Mr. KENNEDY. 1690 of the Retail Clerks International?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You are a member of MONY, the association?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. The Music Operators of New York?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Your employees pay the union dues and label assessments, is that right, and then submit the cost of that to you, and you in turn reimburse them?

Mr. GREEN. Yes.

Mr. KENNEDY. And you reimburse them for these expenses; is that right?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. That amounts to about \$18 apiece?

Mr. GREEN. A month; about 50 cents a day, yes.

Mr. KENNEDY. 50 cents a machine, is it?

Mr. GREEN. 50 cents per machine, yes, sir.

Mr. KENNEDY. And then plus the dues, which is how much?

Mr. GREEN. \$5.50.

Mr. KENNEDY. \$5.50, that is about \$36 for the two of them?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And they pay the dues, and assessments and then you reimburse them for that?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You charge that to your expenses and deduct that as an expense?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. When a location is breached, the employees call the union?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. What happens? Does the union do anything?

Mr. GREEN. In most cases it never does anything.

Mr. KENNEDY. You were formerly in business with the Jacob Bros. in a game-jukebox route?

Mr. GREEN. It was out of town.

Mr. KENNEDY. Down in West Virginia?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You sold out to them when you were in business with them in West Virginia; is that right?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now they operate the route in West Virginia at the present time; is that right?

Mr. GREEN. To the best of my knowledge, yes.

Mr. KENNEDY. Now you are also a member of the Game Association, AAMONY?

Mr. GREEN. No.

Mr. KENNEDY. You have been a member?

Mr. GREEN. A long time ago.

Mr. KENNEDY. Up to 1957?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You withdrew then?

Mr. GREEN. Yes.

Mr. KENNEDY. And during 1957, and this becomes the important part of your testimony, during 1957 AAMONY was looking around for a union to make a contract with?

Mr. GREEN. I guess so.

Mr. KENNEDY. You understand that?

Mr. GREEN. I guess so, yes, sir.

Mr. KENNEDY. And the unions being considered were local 19 of the FSWU, and local 202 of the Teamsters, and local 465 of the CUA, and local 1690 of the RCIA, and ultimately local 266 of the Teamsters?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. At that time, local 19 was backed by the Jacob Bros.; is that right?

Mr. GREEN. What is that? That I don't know.

Mr. KENNEDY. Do you remember something about local 19 being backed by the Jacob Bros., and Sandy Warner who was AAMONY president casting the vote?

Mr. GREEN. I wasn't there.

Mr. KENNEDY. Did Warner vote for local 19? Did he tell you why he voted for local 19 and cast the vote in favor of local 19, even though he was against it?

Mr. GREEN. Not at that time.

Mr. KENNEDY. Did he ever tell you why he had to vote in favor of local 19?

Mr. GREEN. That is later on in the meeting.

Mr. KENNEDY. Later on in the meeting?

Mr. GREEN. Yes. Not that he had to vote for local 19, but I asked him why he goes along with those people, and I think at that time it was 266.

Mr. KENNEDY. Prior to 266? Did he tell you anything about the fact he was afraid of the Jacob Brothers?

Mr. GREEN. Yes, and he said at the time, "I am in too deep and I am afraid something will happen to me."

Mr. KENNEDY. That was at the time for local 266 and local 19?

Mr. GREEN. Local 19 I don't know about.

Mr. KENNEDY. It was local 266 of the Teamsters?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now, what about Mr. Rosenberg? Did you have a conversation with Mr. Rosenberg in connection with this?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. When it was being decided what union you would join up with?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now, that is Mr. Lou Rosenberg?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now, you, Lou Rosenberg, and Blatt were going to oppose the Jacob Brothers and the Teamsters?

Mr. GREEN. Yes, sir, but that is after.

Mr. KENNEDY. Well, let us take it after. We are moving along quickly.

Mr. GREEN. Yes, sir.

Mr. KENNEDY. At that time, Rosenberg, you, and Blatt were opposed to local 266 and local 19 because of local 19 being backed by the Jacobs?

Mr. GREEN. 266 was the union.

Mr. KENNEDY. So what happened?

Mr. GREEN. There was an agreement, 266. Can I tell the story, or just answer the questions?

Mr. KENNEDY. Just tell me about Rosenberg.

Mr. GREEN. Well, Mr. Rosenberg called me up about 5 o'clock that evening, when we were going up there to vote if we are going to take 266 in or not. He said, "Be sure you come up there," and in fact he was supposed to run as president and he was to come up.

I went up there that night, and Lou Rosenberg did not show up that night, and there were other members at the association that walked out of the meeting because they were against this 266.

The next day when I spoke to Lou Rosenberg on the phone, he called me and he said that when he left his house and he was pulling out, a car pulled alongside of him, and they said to him, "If you go to the meeting, you won't have no family." It was something on that order.

Mr. KENNEDY. What did Mr. Rosenberg do?

Mr. GREEN. He said, "I didn't want to take the chance of getting the family hurt, and I did not go."

Mr. KENNEDY. He had some children at the time?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now, following the signing of the collective bargaining arrangement with local 266, there was a discussion about putting the association into voluntary bankruptcy; is that right?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And thereby voiding the contract with the Teamsters, which you felt was being run by these gangsters?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And you were in favor of that?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And that was subsequently defeated, and the rest of the membership decided to go along with 266?

Mr. GREEN. We were up at that board of directors' meeting, and they asked, "If we take this vote and it is decided it is not dissolved, will everybody be satisfied, or will they decide it is dissolved, and will everybody be satisfied, and anybody that is not satisfied raise their hand." I raised my hand, thinking if they are not going to dissolve it, I am not satisfied.

They took the vote and it was decided that it should not be dissolved, and I got up and I walked out.

Mr. KENNEDY. This was primarily because of your opposition to Teamster Local 266?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Which you felt was run by gangsters?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Now, you came out of the meeting and you went downstairs; is that right?

Mr. GREEN. Yes, and I went in the elevator, and in the elevator a fellow by the name of Max Gulden followed me.

Mr. KENNEDY. G-u-l-d-e-n?

Mr. GREEN. I wouldn't know. He was mixed up with Jacobs and the rest of them. While going down he showed me that he parked his car outside in the garage, and he said to me, "Where did you park your car?" and I said, "I didn't come with no car."

I went downstairs and I went over to the Park Sheraton Hotel, and in that hotel the Automatic Operators were having a meeting.

Mr. KENNEDY. That is the Music Operators?

Mr. GREEN. Yes, the Music Operators. I attended that meeting until pretty near the end of the meeting, and before the end of the meeting there were three boys in the business that lived in my section and they said they are going home and they had their car, and so I said I would go along with them.

I went along with them, and I went down the steps, and I saw the same goon, and he saw me, but he turns his face from me and I couldn't imagine it, and he walked into a bar there in the hotel, and I went with these boys home.

Mr. KENNEDY. What happened when you got home?

Mr. GREEN. When I got home?

Mr. KENNEDY. Where did they drop you off?

Mr. GREEN. They dropped me off at the next corner to my house, because they lived down the street, and it is a one-way street, and I said, "No use driving down there; I will walk over." So they dropped me over on the corner of my house, and I walked toward my house, and I saw a car in front of my house and it looked to me as if it was lovers in the car, because I saw they were bending down.

As I passed the car, and made an entrance to go up my steps, the door of the car opens and they came out with steel bars and they split my skull open for me, and I was taken to the hospital.

Mr. KENNEDY. How many stitches did you have in your skull?

Mr. GREEN. About 25 or 30, with a concussion.

Mr. KENNEDY. Have you been ill since that time?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You have had trouble since that time?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. This happened when, approximately; do you know?

Mr. GREEN. It was about 7 months ago.

Mr. KENNEDY. Had your wife seen some cars outside of your home?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. What was the circumstances?

Mr. GREEN. She saw the car start and hang around there, around 8 o'clock, and that was about the time that meeting was over.

Mr. KENNEDY. The first meeting?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. Did the car leave then?

Mr. GREEN. And she watched the car and they saw her come out and they went away. Then she happened to notice the car come back again toward the evening, and she went out again and my son

was coming into the house and so she walked in together with him and she forgot all about watching the car, but she felt something was wrong.

Mr. KENNEDY. Was this Gulden that you have described, was he a member of the association?

Mr. GREEN. Of this United Association, and he was one of the organizers of the United Association which was hooked up with the Teamsters, 266.

Mr. KENNEDY. We will be getting into those two associations tomorrow, but was he a member of the group that was meeting that night?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. He was?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And did he have any words with you other than the conversation?

Mr. GREEN. No, sir.

Mr. KENNEDY. This took place in March of 1958; an examination of the records show that?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. You have had trouble even walking since then, have you not?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. And a great number of other difficulties?

Mr. GREEN. Oh, yes.

Mr. KENNEDY. Since the beating?

Mr. GREEN. I get headaches all of the time, and I can't see straight.

Mr. KENNEDY. And it was all because of your opposition to local 266 of the Teamsters?

Mr. GREEN. That is my opinion; yes.

Mr. KENNEDY. And Mr. De Grandis?

Mr. GREEN. Yes, sir.

The CHAIRMAN. Do you know who hit you?

Mr. GREEN. I saw the fellows, but they were young boys, the ones that hit me.

The CHAIRMAN. Had you had trouble with anyone else?

Mr. GREEN. No, sir.

The CHAIRMAN. You had no disagreement or argument?

Mr. GREEN. No, sir.

The CHAIRMAN. And do you know of anyone having any ill will toward you?

Mr. GREEN. No, sir.

The CHAIRMAN. So you can ascribe this incident to nothing except your position with respect to local 266?

Mr. GREEN. I took it up with the police, and I couldn't understand anything else.

Senator CHURCH. I have no questions.

Mr. KENNEDY. You were a Golden Gloves boxer yourself, were you not?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. When did you box?

Mr. GREEN. I boxed in 1928.

Mr. KENNEDY. What weight level?

Mr. GREEN. 112 pounds.

Mr. KENNEDY. And you were runner-up, were you, in the Golden Gloves championship?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. So you know how to take care of yourself ordinarily?

Mr. GREEN. Yes, sir.

Mr. KENNEDY. If someone doesn't hit you with an iron bar on the back of your head?

Mr. GREEN. Yes, sir.

The CHAIRMAN. Did they say anything to you before they hit you?

Mr. GREEN. No, sir.

The CHAIRMAN. All right; thank you very much.

The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 4:20 p.m., the select committee recessed, to reconvene at 10:30 a.m., Thursday, February 12, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, FEBRUARY 12, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senators John L. McClellan, Democrat, Arkansas; John F. Kennedy, Democrat, Massachusetts; and Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter De Vaughn, investigator; and Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Kennedy.)

The CHAIRMAN. Mr. Counsel, we will proceed.

Mr. KENNEDY. We will continue on the New York situation, Mr. Chairman, and the first witness is Mr. Benjamin Gottlieb.

The CHAIRMAN. Mr. Gottlieb, will you come around.

Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOTTLIEB. I do.

TESTIMONY OF BENJAMIN GOTTLIEB, ACCOMPANIED BY COUNSEL, SAMUEL MEZANSKY AND JOSEPH M. GODMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GOTTLIEB. Benjamin Gottlieb, residence 545 West End Avenue, business 4918 Fourth Avenue, Brooklyn. Vending.

The CHAIRMAN. What is that?

Mr. GOTTLIEB. Vending.

The CHAIRMAN. You have counsel, Mr. Gottlieb?

Mr. GOTTLIEB. Yes, sir.

Mr. MEZANSKY. My name is Samuel Mezansky, 350 Fifth Avenue, New York City, and my associate is Joseph Godman, 274 Madison Avenue, New York City.

The CHAIRMAN. All right. Thank you very much. We will proceed.

Mr. KENNEDY. Mr. Gottlieb, you and your wife are partners in the Majestic Operating Co.; is that right?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. You have approximately 125 jukeboxes and 250 cigarette machines?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. And you employ some six people?

Mr. GOTTLIEB. About six.

Mr. KENNEDY. And two of the employees that work on jukeboxes are members of local 1690 of the Retail Clerks?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. And you are a member of MONY?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. That is the association.

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. The net worth of your machines is approximately between \$85,000 and \$90,000?

Mr. GOTTLIEB. That is about right.

Mr. KENNEDY. And if you include the value of the locations, the worth of the machines would be about \$250,000?

Mr. GOTTLIEB. Approximately.

Mr. KENNEDY. You gross approximately \$400,000 annually?

(The witness conferred with his counsel.)

Mr. GOTTLIEB. That is gross; yes.

Mr. KENNEDY. About \$85,000 to \$90,000 of this is from the jukeboxes?

Mr. GOTTLIEB. That is about right.

Mr. KENNEDY. And the rest from your cigarette machines?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. Now, the important part of your testimony, I want to get into at the present time, is in connection with your relationship with a man by the name of Carmine Lombardozzi.

Mr. GOTTLIEB. I know him.

Mr. KENNEDY. And Carmine Lombardozzi attended the meeting at Apalachin; were you aware of that?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. In November of 1956, you bought a route out which was owned by the High Tone Amusement Co.?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. Plus another company?

Mr. GOTTLIEB. That is right, sir.

Mr. KENNEDY. Two companies that were related who owned a route?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. What we mean by route is a number of locations where boxes are.

Mr. GOTTLIEB. Locations with equipment; yes.

Mr. KENNEDY. When you buy the route, you get the location and the equipment?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. And in addition to a dozen cigarette machines?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. And some eight or nine game machines?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Who did you understand that High Tone was owned by originally?

Mr. GOTTLIEB. Pat Esposito and Daniel Lombardozzi.

Mr. KENNEDY. Did you find out subsequently that there was someone else in the company?

Mr. GOTTLIEB. Well, upon the signing of the contract the two principals were Pat and Daniel. Subsequently, and before the actual signing of the bill of sale, it came to my attention that Daniel had a brother, Carmine.

Mr. KENNEDY. Who also had an interest in the company?

Mr. GOTTLIEB. Who was also an officer of the corporation.

Mr. KENNEDY. He was a third partner; Carmine?

Mr. GOTTLIEB. Carmine, yes; that is right, sir.

Mr. KENNEDY. He is the figure that we are interested in.

Now, you paid some \$43,000 for this route?

Mr. GOTTLIEB. I did.

Mr. KENNEDY. Somewhere between \$25,000 and \$30,000 was in cash?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. And the rest was in the form of notes and other equipment?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. In December of 1956 or early in 1957, you lost a juke box location at Squire's Bar?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Fifth Avenue and 52d Street?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. In Brooklyn; is that right?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. You lost that bar to a man by the name of Phil Corbisiero?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. That is C-o-r-b-i-s-i-e-r o?

Mr. GOTTLIEB. That is right, sir.

Mr. KENNEDY. Did you know anything about Phil Corbisiero?

Mr. GOTTLIEB. What I know of him was that he was also known as "Miami Phil."

Mr. KENNEDY. Did you know anything about his police record?

Mr. GOTTLIEB. What is that?

Mr. KENNEDY. Did you know he had racket connections?

Mr. GOTTLIEB. I wouldn't know. I never met the man until—

Mr. KENNEDY. Did you know of his association with people such as Johnny Bathbeach? Do you know of Miami Phil's underworld connections at all?

Mr. GOTTLIEB. I sensed something, and I didn't know of anything to be so, actually, but I sensed it.

The CHAIRMAN. You say you sensed such and such?

Mr. GOTTLIEB. Well, when I say I sensed, I recognized that there was influence.

The CHAIRMAN. In other words, without your having personal knowledge of it, you believed it to be a fact, from information you had?

Mr. GOTTLIEB. No, there was not a fact.

The CHAIRMAN. You didn't believe it to be a fact, or did you?

Mr. GOTTLIEB. I believed it to be a fact, and I believed it to be a fact, yes, but I didn't know of any particular incident.

The CHAIRMAN. You couldn't swear to it but you believed it to be true?

Mr. GOTTLIEB. That is right.

The CHAIRMAN. Is that right?

Mr. GOTTLIEB. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, Mr. Corbisiero died in November of 1957. He had a funeral in Brooklyn which many of the leaders of the underworld in Brooklyn attended. Anyway, he took this location and, Mr. Gottlieb, you then found at the location that there was a stamp from local 531 on that machine?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. What did you do? Did you get in touch with the head of the association, Mr. Al Denver?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. What did he tell you?

Mr. GOTTLIEB. He said to try to go down and see the storekeeper, and see if possibly you can arrange to adjust and also to try and find out who it was that placed the machine.

Mr. KENNEDY. Did he tell you that Miami Phil had been busy taking other locations as well?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. And that they had had some difficulties with him?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. At the same time were several of your other locations being threatened?

Mr. GOTTLIEB. Yes.

Mr. KENNEDY. Did you then decide that you would go and see Mr. Lombardozzi?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. Did you have a meeting with Mr. Lombardozzi?

Mr. GOTTLIEB. Did I have anything?

Mr. KENNEDY. Did you have a meeting with him?

Mr. GOTTLIEB. Yes, sir, I did.

Mr. KENNEDY. Did you tell him about Mr. Corbisiero's activities?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. What transpired at that time?

Mr. GOTTLIEB. Mr. Lombardozzi arranged that I should meet with him at a restaurant in the downtown section of Brooklyn, and he would meet there with Miami Phil.

Mr. KENNEDY. So the three of you went down to the restaurant?

Mr. GOTTLIEB. That was the following day, and that day I met with Lombardozzi, and Lombardozzi and Mr. Corbisiero had some

sort of conference and I didn't know the conversation and I didn't know what the conversation was about.

Mr. KENNEDY. What happened then, and what was the result?

Mr. GOTTLIEB. Well, I was told to go ahead, to go home and take care of the business, and there will be no further trouble.

Mr. KENNEDY. Now, during this period of time, had you understood that Mr. Corbisiero's lieutenants were telling the various tavern owners that they would have no difficulty with local 531, which was then very active in picketing?

Mr. GOTTLIEB. In their solicitation of these locations, that was the promise that the location owners got from whoever represented 531, that they would have no fear of any difficulties or troubles or pickets or whatnot.

Mr. KENNEDY. That was the local that at that time was headed by Mr. Al Cohen, C-o-h-e-n?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. One of the things that were being held out to the tavern owners was that if they took Corbisiero's boxes, they would have no more difficulty with local 531?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. That is the United Industrial Union of America. It is part of the international known as United Industrial Unions of America. After this meeting at the tavern, when there was this conversation between Corbisiero and Lombardozzi, you then received that location back, did you, at Squire's Bar?

Mr. GOTTLIEB. No, I never did get that location back.

Mr. KENNEDY. He just said he wouldn't bother you any more?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Did you later have difficulty with him again, a second time?

Mr. GOTTLIEB. Yes, I did.

Mr. KENNEDY. That was at the Ball Field Tavern?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. On Bedford Avenue and Empire Boulevard, in Brooklyn?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Did the owner of the tavern tell you that he would have to take your box out of there?

Mr. GOTTLIEB. Yes, sir. We received a phone call from the proprietor that we should remove our machine and he would give us a week's time to do so and other equipment was coming in, and I asked him, Mr. Valente, why, what happened, and why is he making the change? And his explanation was that he has no alternative and it is just one of those things, and certain good people he has to do it for.

Mr. KENNEDY. It wasn't a question of offering better service or a better deal?

Mr. GOTTLIEB. Oh, no.

Mr. KENNEDY. It was just a question that he had to make this arrangement with these people.

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Who did you understand these people were; from the conversation, what did you understand about these people?

Mr. GOTTLIEB. Well, what can I say? They were people that he had to conform with. He had to listen to them.

Mr. KENNEDY. Did you understand them to be people that had underworld connections?

Mr. GOTTLIEB. I would infer that way.

Mr. KENNEDY. So then you went to see Mr. Carmine Lombardozzi again?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. You went to his home, did you?

Mr. GOTTLIEB. I phoned him, and he told me to stop in to see him the following day, and I stopped in there about 10:30 the following day.

There was a telephone call and I asked if he knew the particular tavern and he didn't know whether he did or not, and he said, "Don't worry, I will take care of it."

Mr. KENNEDY. Was it taken care of then?

Mr. GOTTLIEB. It was taken care of.

Mr. KENNEDY. You didn't have to take your machine out?

Mr. GOTTLIEB. No, sir.

Mr. KENNEDY. Did you feel that maybe your difficulties would be removed if you met with Al Cohen of local 531, if you had a conversation with him?

Mr. GOTTLIEB. I beg your pardon. I didn't quite get the question.

Mr. KENNEDY. Did you feel that maybe the problems would be removed if you met with Al Cohen of local 531?

Mr. GOTTLIEB. Well, it would have been alleviated.

Mr. KENNEDY. So did you meet with him, with Mr. Cohen?

Mr. GOTTLIEB. I did.

Mr. KENNEDY. Who arranged that meeting?

Mr. GOTTLIEB. Who was at the meeting?

Mr. KENNEDY. Yes.

Mr. GOTTLIEB. Who arranged the meeting?

Mr. KENNEDY. Yes.

Mr. GOTTLIEB. Mr. Lombardozzi, at Mr. Lombardozzi's home.

Mr. KENNEDY. What was decided at that meeting, or what did you discuss?

Mr. GOTTLIEB. There was nothing decided, but the discussion was with reference to a location that had been taken at Bath Avenue in Brooklyn by a sticker identified as 531. In going to the location and questioning the owner as to who the individual is, the name of Cohen popped up. In other words, he received a check signed by Cohen.

Mr. KENNEDY. Was Mr. Cohen at this meeting, and was he interested in having you buy his stickers from his local?

Mr. GOTTLIEB. Well, at the meeting, when I ran into that difficulty, I also appealed to Mr. Lombardozzi, what he can do for me. He said that he would contact Cohen and I should call him back and he will let me know, if he can make an appointment with Cohen to meet with me. That appointment was made and I met with Cohen a couple of days after. During that discussion of that particular location he wasn't cooperative, Mr. Cohen wasn't cooperative in releasing or turning back the location but as an inducement it was as much as inferred that if I purchased the stickers that I could expect that the location would be returned.

Mr. KENNEDY. Here was the situation where the head of the union was offering to sell you the stickers of the union so that you could

place them on your machines and thereafter you wouldn't be bothered?

Mr. GOTTLIEB. That is about it.

Mr. KENNEDY. There was never any discussion about the benefits for any employees or workers?

Mr. GOTTLIEB. No, sir.

Mr. KENNEDY. It was just a question of buying the stickers from his union?

Mr. GOTTLIEB. Of obtaining stickers.

Mr. KENNEDY. So you would have protection?

Mr. GOTTLIEB. Well, that is about it.

Mr. KENNEDY. Now, what was the relationship between Mr. Lombardozzi and Mr. Cohen?

Mr. GOTTLIEB. I beg your pardon, sir.

(The witness conferred with his counsel.)

Mr. GOTTLIEB. The relationship other than friendly, I wouldn't know.

Mr. KENNEDY. They were friendly?

Mr. GOTTLIEB. Yes.

Mr. KENNEDY. Did you agree at the meeting to buy the stickers?

Mr. GOTTLIEB. No, sir.

Mr. KENNEDY. Now, I have just one other matter not directly related to Mr. Lombardozzi, but you had another situation in May or June of 1958 in connection with the change of the ownership of a bar and grill on Fourth Avenue in Brooklyn?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. You had the jukebox in that location; is that right?

Mr. GOTTLIEB. That is correct.

Mr. KENNEDY. And there was a sale of the tavern?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Were you approached and told that your jukebox would have to be removed?

Mr. GOTTLIEB. I was.

Mr. KENNEDY. Would you relate what happened in connection with that?

Mr. GOTTLIEB. A tavern owner in the immediate area came in one day and introduced himself as Augie, who operates Augie's Tavern, and he presented a card, a business card, with Ernie's Music Co., and told me that he had an order to set a machine at the bar of Connaught. I didn't know that there was a change of ownership and I was taken aback by the fact that these people claimed that they had an order.

I knew that I had a contract with Connaught. I inquired from Augie as to who this Ernie is, and I had never heard of him as being in the business.

Mr. KENNEDY. Ernie of Ernie's Music Service?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. He is the one who was going to take it away from you, supposedly?

Mr. GOTTLIEB. The one that represented the music company and he was identified as that. I asked who this Ernie was, and I don't recall ever hearing of Ernie or of Ernie's Music Co.

Well, he said, "I will bring him in and you can meet him." So I said, "What is involved here?"

He said, "Well, for \$250 I think that I can get Ernie and make a compromise."

Mr. KENNEDY. So did he bring Ernie in to see you?

Mr. GOTTLIEB. Yes; a couple of days later, Ernie came in.

Mr. KENNEDY. How much money did you pay Ernie?

Mr. GOTTLIEB. I didn't pay Ernie, and I paid Augie. I didn't pay that at that time. I still stalled for time.

Mr. KENNEDY. Who did you finally pay?

Mr. GOTTLIEB. I finally gave it to Augie.

Mr. KENNEDY. That was your friend.

Mr. GOTTLIEB. \$150.

Mr. KENNEDY. For Ernie, too?

Mr. GOTTLIEB. To be split, as I understood it.

Mr. KENNEDY. Could you identify Ernie?

The CHAIRMAN. The Ernie you have been talking about, that is Ernie Rupolo?

Mr. GOTTLIEB. Well, I think that was the name. I believe that is the name.

The CHAIRMAN. I hand you a photograph here and ask you to examine it and state if you identify it.

(A photograph was handed to the witness.)

Mr. GOTTLIEB. Yes, that is it.

The CHAIRMAN. Is that a picture of the Ernie you have been talking about?

Mr. GOTTLIEB. Yes.

The CHAIRMAN. It may be made exhibit No. 13.

(The photograph referred to was marked "Exhibit 13" for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right, Mr. Counsel, do you want this record put in also?

Mr. KENNEDY. Yes, I would like to do that.

The CHAIRMAN. Who can identify the record?

Mr. KENNEDY. Mr. Corrigan.

The CHAIRMAN. Have you been previously sworn?

Mr. CORRIGAN. Yes, sir.

TESTIMONY OF JOSEPH CORRIGAN—Resumed

The CHAIRMAN. You may identify this. I present to you what purports to be a police record of one Ernie Rupolo. Would you examine it and state if you identify it.

Mr. CORRIGAN. Yes, sir. This is the prisoner's criminal record, New York City Police Department. It is a criminal record of Ernest Rupolo, alias "Ernie the Hawk."

The CHAIRMAN. Did you know him as "Ernie the Hawk"?

Mr. GOTTLIEB. I have heard it within the last month or two.

The CHAIRMAN. That may be made exhibit No. 13A.

(Document referred to was marked "Exhibit No. 13A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. What are the convictions on it?

Mr. CORRIGAN. There are seven arrests, convictions are for petty larceny, burglary, vagrancy, felonious assault in the first degree, an assault involving a gun.

The CHAIRMAN. What was the longest sentence that he received; some 5 to 10 years, wasn't it?

Mr. KENNEDY. I believe 5 to 10 years.

Mr. Chairman, we have had considerable amount of testimony regarding Ernie Rupolo, and he was involved in our earlier hearings as the gunman for Mike Miranda, and for Vito Genovese to kill a man by the name of Gallo, and he put the gun to Gallo's head and the gun didn't go off and he went in and fixed the gun in his home and then he came out the second time and put the gun to Gallo's head and shot him five times in the head.

Mr. Gallo lived, and then ultimately Mr. Genovese was indicted and was to be tried in connection with this case, after he was brought back from Italy, and the key witness who was being kept in police custody in jail, the key witness was poisoned to death so the trial wasn't able to go ahead.

This picture, you can see, Mr. Rupolo here in the picture, just before this picture was taken, had been shot in the eye, right under the nose, and in the chin. He is rather a notorious character.

Mr. Gottlieb, did you ultimately talk to the attendant at the bar, the new bar owner, as to that?

**TESTIMONY OF BENJAMIN GOTTLIEB, ACCOMPANIED BY COUNSEL,
SAMUEL MEZANSKY AND JOSEPH M. GODMAN—Resumed**

Mr. GOTTLIEB. Yes, I did. I decided that I would go in and find out who the new people that took over the bar were, and I found two very pleasant young men who had purchased the bar.

Mr. KENNEDY. And they said they had no intention of turning the business over to Rupolo?

Mr. GOTTLIEB. I expected that they would possibly tell me that so-and-so OK'd me, or something. But they never raised that question, and I didn't question them as to what connection they had with Augie or Ernie. So I just let it go at that. I found that they were reasonable, pleasant, and didn't disturb me.

Mr. KENNEDY. Do you think you might have just been taken for \$150?

Mr. GOTTLIEB. I think I might have been taken.

Mr. KENNEDY. Formerly you paid the label fees and the union dues to Local 1690 of the Retail Clerks; is that right? You paid them directly?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. Lately you have increased the salaries of your employees and had them pay it?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. Both the label fees and the dues; is that right?

Mr. GOTTLIEB. That is right.

Mr. KENNEDY. In passing also—and we will have more testimony about it at a later time—you also had difficulty with local 19, did you not?

Mr. GOTTLIEB. Yes, sir.

Mr. KENNEDY. And that was also a union that was run by people with questionable records, as you understood it?

Mr. GOTTLIEB. I believe so.

Mr. KENNEDY. That is all.

Senator KENNEDY. Mr. Chairman——

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY. As I understand, Mr. Gottlieb, the net worth of your equipment is approximately \$85,000 to \$90,000?

Mr. GOTTLIEB. The net worth?

Senator KENNEDY. Yes.

Mr. GOTTLIEB. Book value.

Senator KENNEDY. Book value. As I understand it, if you included the value of the locations which you have been able to develop, it would bring the figure up to around \$250,000.

Mr. GOTTLIEB. Well, you don't know until you make a deal.

Senator KENNEDY. Approximately. In other words, it indicates the value of these locations and the amount of money that is involved in attempting to maintain your locations. How many locations did you have?

Mr. GOTTLIEB. In music, about 125; and in cigarette machines, approximately 250.

Senator KENNEDY. So that is 375. That was 375 which would represent the difference between \$85,000 and \$250,000. It would indicate that those are worth more than \$1,000 each, averaging it out.

Mr. GOTTLIEB. Well, it probably wouldn't average out quite that much. But there are other factors involved. There is bonuses involved; there is advances; loans involved in that whole picture. It would bring it up to about that much.

Senator KENNEDY. It indicates, however, what is at stake, and the pressures that would be brought to bear for a \$1,000 location or a location which is worth more or less than \$1,000; is that right? It indicates there is a great interest in maintaining these locations, and that there is a good deal at stake and pressures involved between the competing operators in maintaining one location as opposed to another; is that right?

Mr. GOTTLIEB. Yes, sir.

Senator KENNEDY. I would like to ask you or your attorney why it was that in the case where a picket line might be established around a location in order to force out your machines, or force you to buy stickers, why it was that the secondary-boycott provisions of the Taft-Hartley Act could not have been invoked against such a picket line?

(The witness conferred with his counsel.)

Mr. GOTTLIEB. I am sorry, Senator; I just didn't get the question.

Senator KENNEDY. Does the counsel wish to comment on that?

Mr. MEZANSKY. We obtained an injunction in the State court. The contention was that this was not——

Senator KENNEDY. Was this intrastate or "no man's land"?

Mr. MEZANSKY. We did get an injunction against the picket line eventually.

Senator KENNEDY. Is there any reason why in all of these cases where a genuine labor dispute was not involved and it was merely an attempt to use a picket line for the purpose of a secondary boycott—which it was—is there any reason to believe that the State courts would not have issued an injunction if the operators or the owner of the installations had been willing to take a suit to the State court?

Mr. MEZANSKY. Well, there is a line of cases that always confront us. These unions contend that they are picketing for organizational purposes. In other words, the sign that these pickets carry states that the machine in that particular location is not serviced by a member of that particular union; so we are always faced with the contention that that sign is an expression of free speech, and it is educational picketing, and that the picketing was solely for organizational purposes.

Senator KENNEDY. The picketing was not against the employer, but against the machine?

Mr. MEZANSKY. Yes.

Senator KENNEDY. If this had been in interstate commerce, I will ask you, why wouldn't the provisions of the Taft-Hartley be involved, which clearly says forcing or requiring any employer or self-employed person. This would be—

to engage in, or induce or encourage the employees of any employer to engage in, a strike or a concerted refusal in the course of their employment to use, manufacture, process, transport, or otherwise handle or work on any goods, articles, materials, or commodities, or to perform any services where an object thereof is (a) forcing or requiring any employer or self-employed person to join any labor or employer organization, or any employer or other person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or to cease doing business with any other person.

It seems to me from the cases I have heard described, if they were in interstate commerce and within our competence, a secondary boycott would be involved. What is your judgment?

Mr. MEZANSKY. I believe you are correct. As a matter of fact, that was the basis for the injunctions issued by the State court under the New York law, which is similar to the Norris-LaGuardia Act.

Senator KENNEDY. It seems to me if the operators or owners of the installations were willing, were not afraid of other pressures, more physical than a picket line, were willing to take these cases to court, that I don't know of any court that would refuse an injunction in the cases as I have heard them described today and the ones I have read of yesterday, because there isn't a labor dispute.

The picket line is a fraud. No matter how they may cover it up by the signs on the pickets, that they are carrying, it is quite obvious what this operation is. I would think that you would be successful unless there is some stringent provision in the New York law in getting an injunction.

Mr. MEZANSKY. We were successful. We did obtain an injunction against local 531 and against local 19. But there is a practical difficulty.

First of all, we cannot locate these unions. For instance, local 19 had no address. We couldn't find where the officers were located. We couldn't serve them with process. The pickets would go to a store owner and would try to intimidate the store owner or in some instances one of the men behind the union, local 19, Amalfitano, would simply make an appearance at the location and the machine would immediately be turned around or disconnected.

We couldn't locate Mr. Amalfitano for quite some period of time, nor could we locate any other official. Under the New York law, in order to sue an unincorporated association, you must serve either the president or the treasurer. I have been advocating some law in New York

requiring labor unions to register as the corporations are required to do; that is, we can sue a corporation by serving process on the secretary of state. There is no such law in respect to labor unions.

These paper unions, they simply have no address nor a telephone, and we can't find them. By the time we are able to get out our injunction papers and serve them, the machines have been disconnected and other machines installed.

Senator KENNEDY. In the legislation which Senator McClellan is interested in, that I have been interested in, I don't think there is any doubt that every union in interstate commerce would have to be so registered. There might be another word used, but they would have to report to the Secretary of Labor.

Obviously, of course, as you say, the use of a union in order to enforce a racketeer's demands should be done away with. But I would think that it would indicate some necessity for the State of New York to consider this experience, as we are considering it on the national level.

It seems to me that if it were in interstate commerce, not in "no man's land," but in interstate commerce, you could have an appeal brought to the Board, in the case of a secondary boycott, or I would think that you might be able to get some action, if the interstate commerce were affected, where it seems to me that the Department of Justice, in a conspiracy between one operator and a union, or you might have to have two operators in order to meet the provisions of the anti-trust law, that you can get action by the Department of Justice on restraint of trade, if it were in interstate commerce.

It is difficult, of course, for us to deal with intrastate, but I think it indicates quite clearly the fact that New York is going to have to consider what action it can take in order to meet the intrastate problem.

Mr. MEZANSKY. I think the provisions you spoke about are very important, and we do hope that legislation of that sort is enacted. As I say, there are these practical difficulties.

I was just wondering, even under the Taft-Hartley law, you still have those lines of decisions about educational picketing and organizational picketing. The contention of a union in those particular cases is that they are not trying to force or compel any boycott, or compel any unfair labor practice, but they are merely advertising as a matter of free speech, they are advertising that the standards of employment in respect to that particular machine are lower than the standards of the particular union that is doing the picketing.

Senator KENNEDY. I know it is difficult to look behind the signs always for a National Labor Relations Board, but I would think in the case of the union described, in the absence of a legitimate labor dispute, I would think it would be possible to get action by the Board. I think it is certainly being examined. I would think that the third remedy, of course, is the State courts.

In fact, you did get an injunction regardless of whether the New York State law was adequate or not. In other words, I would think that most of the courts would give you some protection against the misuse of a union by racketeers for the purposes of, really, extortion.

Mr. MEZANSKY. You take the case of local 19. We obtained an injunction there at the very end of the trial, and the judge made some very serious and very important findings. He was going to hold some of the defendants for the grand jury. But even before he signed the

formal injunction document, the final judgment, local 266 come into the picture, of the Teamsters Union.

In other words, the attorney for local 19 in that particular case, the next day announced that he became an attorney for a new association known as the United Game Operators, I believe, and that association immediately entered into a contract with local 266 of the International Brotherhood of Teamsters.

So no sooner do we get an injunction against one union than another union starts picketing.

Senator KENNEDY. What is your suggestion for that?

Mr. MEZANSKY. Well, I do think that a very comprehensive labor law which would require registration of these unions as corporations—I don't think unions are being picked on when there is such a requirement. I mean, corporations are subjected to registration, or you can serve the secretary of state.

There should be a report on the officers, complete reports as to the whole union setup and the membership file, and so forth.

Senator KENNEDY. In conclusion, it seems to me that with the evidence that has been given as to the organization of this union, and the fact that there were self-employed people in it, other people who were not even aware of it, that they were not receiving any benefits or paying any dues, that it was sort of a sticker-sale business, with the picket line to put force behind the sale, I would think that the courts would give some protection.

But I agree that that is probably not sufficient. It would seem to me in these cases of intrastate commerce, as in the case in New York, I am sure that the people in New York are watching these hearings and are going to be concerned about the misuse of the picket lines as we are down here.

The CHAIRMAN. Do you think unions that engage in such practices should be entitled to tax-exempt privileges?

Mr. MEZANSKY. No; of course not.

The CHAIRMAN. Neither do I.

All right; call the next witness.

Thank you very much.

Mr. KENNEDY. Lt. James Mooney.

The CHAIRMAN. Lieutenant Mooney, you do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Lieutenant MOONEY. I do.

TESTIMONY OF LIEUTENANT JAMES S. MOONEY

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Lieutenant MOONEY. My name is James S. Mooney. I am a lieutenant in the New York City Police Department, assigned to the criminal intelligence squad.

The CHAIRMAN. How long have you been a member of the police department?

Lieutenant MOONEY. Thirteen years.

The CHAIRMAN. How long have been a member of this squad?

Lieutenant MOONEY. Criminal intelligence squad? A year and a half.

The CHAIRMAN. All right.

Proceed, Mr. Kennedy.

Mr. KENNEDY. For a period of time you have been assigned to help and assist this committee; is that correct?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. For how long have you been with us?

Lieutenant MOONEY. Since last May.

Mr. KENNEDY. And you had three other members of the New York Police Department with you?

Lieutenant MOONEY. Yes, sir. I have three detectives with me.

Mr. KENNEDY. As you know, Mr. Chairman, that was through Police Commissioner Kennedy, who allowed these four police officers to come to work with the committee during this period of time.

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. Lieutenant, you have some information, do you not, in connection with the situation that occurred at Apalachin, N.Y., in November of 1957?

Lieutenant MOONEY. Yes, I do.

Mr. KENNEDY. And that is directly involved, is it not, with the hearings we are conducting at the present time?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. And directly involves an individual who has been mentioned in the previous testimony, Mr. Carmine Lombardozzi.

Lieutenant, do you have a statement that you can read in connection with that?

Lieutenant MOONEY. I have, Mr. Kennedy.

Mr. KENNEDY. In connection with the meeting at Apalachin?

Lieutenant MOONEY. Yes; I have.

Mr. KENNEDY. Can he go ahead with that, Mr. Chairman?

The CHAIRMAN. The statement was submitted?

Mr. KENNEDY. Yes. It is just a statement as to the factual information that has been developed in connection with the meeting at Apalachin.

The CHAIRMAN. All right. You may proceed to read the statement.

Lieutenant MOONEY (reading) :

The New York City Police Department is in possession of some information concerning the meeting of the notorious individuals who gathered at the home of Joseph Barbara at Apalachin, N.Y., on November 14, 1957.

The information indicates that the following took place: One of those individuals influential in the jukebox field was called to account for his activity. This person was previously scheduled to be killed, but instead his situation was considered by a council made up of certain of the higher ranking individuals present at Apalachin.

The offender was not allowed to be present or to participate in the hearing, but was required to remain in Barbara's garage to await the verdict. The council decided to fine the offender \$10,000. Our present information indicates that the offender was Carmine Lombardozzi.

Mr. KENNEDY. This is information, Lieutenant, that comes from a very reliable source?

Lieutenant MOONEY. From a confidential source; yes.

Mr. KENNEDY. And a reliable source?

Lieutenant MOONEY. Reliable, too.

Mr. KENNEDY. Will you give us the background of Mr. Carmine Lombardozzi, and any information that you have on him?

Lieutenant MOONEY (reading) :

Carmine Lombardoizzi, with aliases of Alberto Lombardoizzi, Carmine Lavigna, Al and Blackie, is known to the New York City Police Department under "B" No. 82584, and the Federal Bureau of Investigation No. 290869. He is 45 years old. He was born on February 18, 1913. He presently resides at 114 Stratford Road, Brooklyn, N.Y.

His criminal record shows 21 arrests, including vehicle homicide, disorderly conduct, dangerous weapon, with a pool cue, bookmaking, vagrancy, and being AWOL from the U.S. Army. He was convicted 13 times, twice for disorderly conduct, four times for bookmaking, once for being a common gambler; a charge of rape and abduction, which was reduced to disorderly conduct; and a charge of burglary, which was reduced to unlawful entry.

The files of the New York City Police Department show that he was a book-maker and loan shark until 1952, at which time he assumed the greater dominance in the underworld, continuing his activity, however, as a money lender or shylock.

His legitimate employment since 1929 has been as a laborer, mechanic, long-shoreman, stevedore, a builder and contractor. His known associates include Albert and Anthony Anastasia, Mike Miranda, and Paul Castellano, who were both present at Apalachin; Gus Frasca; Sabato Muro, also known as Little Mitsky; and George Smurra.

Mr. KENNEDY. Spell those names. C-a-s-t-e-l-l-a-n-o?

Lieutenant MOONEY. Yes.

Mr. KENNEDY. Gus Frasca?

Lieutenant MOONEY. F-r-a-s-c-a.

Mr. KENNEDY. Sabato?

Lieutenant MOONEY. M-u-r-o.

Mr. KENNEDY. George?

Lieutenant MOONEY. S-m-u-r-r-a.

Mr. KENNEDY. Who are they?

Lieutenant MOONEY. They are all known criminals in the city of New York.

Mr. KENNEDY. Go ahead.

Lieutenant MOONEY (reading) :

Lombardoizzi attended the Apalachin meeting on November 14, 1957, and he traveled to Joseph Barbara's home with Natale Evola, Joseph Riccobono, and Frank Cucchiara. He stayed overnight with them at the Dell Motel. When questioned by the New York City Police Department, Lombardoizzi stated that he is the president of the Superior Tube Corp., in Brooklyn, N.Y., which company tests television tubes. He owns the Mec Platers in New York City, which plates brass and copper, and Sabato Muro is the president of this firm.

He is also interested in the Monti Marine Corp., which does ship repairing. Lombardoizzi stated at the time of the interview that he promotes good will for the company with shipowners, labor unions, and personnel.

Mr. KENNEDY. Did he state also that he does some public relations and labor relations work for some ship company?

Lieutenant MOONEY. Yes, he did.

Mr. KENNEDY. Continue, please.

Lieutenant MOONEY. He also stated that he owns an interest in the Mobile Marine Power & Equipment Co., which owns one piece of equipment which is a portable generator, and leases it to Monti Marine for \$750 a week.

Mr. KENNEDY. Mr. Chairman, that is of some significance, obviously. He not only owns or has owned a small percentage of Monti Marine, but Monti Marine in turn does much of the work on the large ships that come into the New York City area.

Lieutenant MOONEY. Yes, it does.

Mr. KENNEDY. He owns the Mobile Marine Power & Equipment Co., which has one piece of equipment; is that right?

Lieutenant MOONEY. One generator.

Mr. KENNEDY. And that generator is used by the Monti Marine Co., and he is paid how much for the use of that generator?

Lieutenant MOONEY. He is paid \$750 per week.

Mr. KENNEDY. The only thing that that company provides is the use of one generator; is that correct?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. And he has described himself as an individual who settles labor difficulties for some of the ship companies?

Lieutenant MOONEY. Yes; he does.

Mr. KENNEDY. And also for doing any public relations work that might be necessary for some of the ship companies with whom Monti Marine has a contract?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. Would you explain a little bit the kind of work that Monti Marine does?

Lieutenant MOONEY. Monti Marine, when a ship is pulled into the yards in Brooklyn or in Manhattan, they will go aboard and they will scrape it down, clean it up, and this piece of equipment that Lombardozzi has, he rents to this Monti Marine Corp.

The CHAIRMAN. What is the value of that piece of equipment?

Lieutenant MOONEY. I believe, Senator, it was bought originally for \$10,000.

The CHAIRMAN. \$10,000. What is the cost of operating it? I mean, who pays the cost of operating it? Is this just rent for it and then the person who rents it, or the corporation who rents it, pays the cost of operation, or does the \$750 per week include the cost of operating?

Lieutenant MOONEY. When he made this statement to the police department, he said that he realized \$750 per week out of it.

The CHAIRMAN. Out of a \$10,000 piece of equipment, he gets \$750 per week?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. What are the other considerations involved; do you know?

Lieutenant MOONEY. I think it is promoting good will with labor unions.

The CHAIRMAN. Promoting good will means, "If you get along with us you won't get your head crushed in"?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Is that what it means?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Is that the kind of good will you are talking about?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Protection. Protection from injury and damage to property.

Lieutenant MOONEY. "We will get the men to work."

The CHAIRMAN. Very well. Proceed.

First, I would like to ask you one question before we get entirely away from it. You say this Lombardozzi was fined \$10,000 instead of being ordered killed?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. That was up at the Apalachin meeting?

Lieutenant MOONEY. That is the information we have.

The CHAIRMAN. Where does this \$10,000 fine go? Who gets that money? He was fined \$10,000, you said. Who fined him and where did the money go?

Lieutenant MOONEY. Senator, I believe if we knew that answer we would have the whole story at Apalachin, which we don't.

The CHAIRMAN. That is the mystery about it?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Presumably it goes into some central fund that is controlled by the higher-ups in the underworld?

Lieutenant MOONEY. I believe it does.

Mr. KENNEDY. We understand, do we not, that Mr. Lombardozzi does not work directly for Monti Marine since 1957 or early 1958?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. That his connections with Monti Marine have been ended. We also have the information which was supplied to us by the Grace Lines that they had loaned Monti Marine some \$400,000 at the time Monti Marine was in some difficulty?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. And all but some \$108,000 of that has been repaid?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. What else do we know about Mr. Lombardozzi?

Lieutenant MOONEY (reading) :

Lombardozzi also stated he had an interest in a factoring company which loaned money to other companies and when Monti Marine secured a contract for work on the carrier *Saratoga*, this factoring company loaned money to subcontractors doing work on the carrier.

He has been a familiar figure on the New York waterfront for years, having been a hiring boss at the Army pier in Brooklyn when Albert Anastasia controlled it. During a maintenance strike on the waterfront, Lombardozzi is reported to have joined Buster Bell, who is a leader of a New York maintenance local, Joe Colazzo, who is the leader of a Brooklyn maintenance local, and Anthony "Tough Tony" Anastasia, in settlement of the strike.

It is not known who Lombardozzi represented at this meeting.

Mr. KENNEDY. That strike was settled?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. What date was that?

Lieutenant MOONEY. I don't have the exact date, Mr. Kennedy, with me.

Mr. KENNEDY. Was it 1955?

Lieutenant MOONEY. 1955, I believe.

Mr. KENNEDY. And it was a major problem at that time, the strike?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. And this meeting, this group that got together, was able to settle the strike?

Lieutenant MOONEY. They settled it.

Mr. KENNEDY. And Mr. Lombardozzi attended the meeting?

Lieutenant MOONEY. Yes, sir; and that is the mystery of why he was there. Nobody knows. Then on November 10, 1958, Lombardozzi, with seven others, agreed to accept a New York Supreme Court injunction barring them from stock trading in New York.

New York Attorney General Louis Lefkowitz stated that underworld elements had attempted to infiltrate the security businesses when that injunction was handed down.

Mr. KENNEDY. Mr. Chairman, the witness spoke of Mr. Lombardozzi being tried in an Army court-martial. We have the information on that. He went AWOL on January 4, 1944. He was apprehended in Brooklyn, N.Y., by the military police. On August 5, 1944, he was tried by a special court-martial in Louisiana. In August 1944, the same month, he was sentenced to 6 months at hard labor and forfeiture of two-thirds of his pay and allowances. He was discharged on November 6, 1944, for "ineptness, inability to adapt, and general misconduct." He was described as being extremely high strung, hot tempered, undependable, a chronic drinker, and a user of marihuana.

We also have information, do we not, Lieutenant, that immediately following the meeting at Apalachin, that Mr. Lombardozzi made certain withdrawals from his bank account?

Lieutenant MOONEY. Yes, sir.

Mr. KENNEDY. Do you have those figures here?

Lieutenant MOONEY. I don't have the figures, Mr. Kennedy.

Mr. KENNEDY. We have another witness.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COFINI. I do.

TESTIMONY OF ROBERT J. COFINI

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. COFINI. My name is Robert J. Cofini. I reside in White Plains, N.Y. I am employed by the U.S. General Accounting Office, and I have been assigned to this committee for the past 2 years.

The CHAIRMAN. How long have you been employed in the Accounting Office, and in what capacity?

Mr. COFINI. Three years in the capacity of supervisory accountant.

Mr. KENNEDY. How long have you been with this committee?

Mr. COFINI. Two years.

Mr. KENNEDY. Mr. Lombardozzi does most of his dealings, or a considerable amount of his dealings, in cash, as we know. But he did maintain a bank account, did he not?

Mr. COFINI. Yes, he did.

Mr. KENNEDY. At the Manufacturers Trust Co. in Brooklyn, N.Y.

Mr. COFINI. That is right.

Mr. KENNEDY. Did you make an examination of the bank account from September 1, 1957, to February 28, 1958?

Mr. COFINI. I did.

Mr. KENNEDY. Did you come upon certain substantial withdrawals in that account?

Mr. COFINI. Yes, I did.

Mr. KENNEDY. Would you relate it to the committee?

Mr. COFINI. On November 6, 1957, a check cleared the account in the amount of \$2,171. On December 2, 1957, three checks cleared the account in the amounts of \$2,000, \$2,000, and \$1,000.

Mr. KENNEDY. All on the same day?

Mr. COFINI. All on the same day; that is correct.

Mr. KENNEDY. Were we able to locate those checks?

Mr. COFINI. No. The Manufacturers Trust Co. does not keep a Recordak of the checks, and therefore they were unable to disclose exactly who the payees were on these checks.

Mr. KENNEDY. But there were the three withdrawals, all on December 2, 1957, totaling \$5,000.

Mr. COFINI. That is correct.

Mr. KENNEDY. And that was approximately 2 weeks after the meeting at Apalachin?

Mr. COFINI. Yes.

Mr. KENNEDY. Mr. Chairman, this has been the first time that any reliable information has been disclosed as to what was discussed at the meeting at Apalachin. It shows once again the importance that this coin machine business is to the major racketeers and gangsters in the United States which is, of course, the reason and purpose of this hearing, but because it shows also the relationship between the gangsters and hoodlums and their use of labor unions in order to enforce their wishes in the industry.

The CHAIRMAN. Lieutenant Mooney, what was Lombardozzi charged with or tried for before his underworld lords?

Lieutenant MOONEY. What was the crime, Senator?

The CHAIRMAN. What was the crime? What was he charged with?

Lieutenant MOONEY. The information we had related to the juke box industry.

The CHAIRMAN. So he was tried on some offense in connection with the juke box industry?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. You don't know the nature of the charge or what the charge was, exactly?

Lieutenant MOONEY. No, sir.

The CHAIRMAN. Or what code he is supposed to have violated?

Lieutenant MOONEY. No, sir.

Mr. KENNEDY. The lieutenant is limited in the information that can be disclosed at this time to the information that was given in the prepared statement.

The CHAIRMAN. You may have other information that you can't disclose, is that what I am to understand?

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Very well.

Mr. KENNEDY. That is all.

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY. The description you gave of the payments for the use of the generator and so on, how old would that generator be?

Lieutenant MOONEY. I believe it was a secondhand generator when it was bought, Senator.

Senator KENNEDY. He bought it for \$10,000 or was it \$10,000 when new?

Lieutenant MOONEY. I don't have the facts available right now. I do have them.

Mr. KENNEDY. It was Army surplus.

Senator KENNEDY. He bought it originally listed at \$10,000?

Mr. KENNEDY. We don't have that information.

Senator KENNEDY. How long ago was that?

Mr. KENNEDY. He purchased it from Army surplus.

Senator KENNEDY. If it was World War II, the Korean war would be 5 years old, so the value of it must be now certainly not more than \$3,000 or \$4,000, if it was \$10,000, even assuming it was new. Yet he gets \$700 or \$800 a week for the use of this generator?

Lieutenant MOONEY. The rental.

Senator KENNEDY. It is obvious that this is payment by companies to get money to him so that he can pay off the union people involved. Is that quite obvious?

Lieutenant MOONEY. On the surface that is the way it appears, Senator.

Senator KENNEDY. I can't think of any other explanation. So Mr. Lombardozzi's guilt is acknowledged by his own record, and the company and union people involved on the waterfront are equally to be condemned; is that correct?

Lieutenant MOONEY. Yes, sir.

Senator KENNEDY. This is just a front and a fraud in using this beat-up generator in order to get \$700 a week when the generator itself isn't probably worth more than \$3,000 or \$4,000 today.

Lieutenant MOONEY. That is right.

Senator KENNEDY. This is their way of protecting themselves in case of investigation so that they would be able to explain the disbursements of money by the company to him, but it is a fraudulent front, isn't it?

Lieutenant MOONEY. I think it is, Senator; yes, sir.

Senator KENNEDY. Well, it would seem to me that the companies that engage in that practice, as well as, of course, the union people who are involved, and their tieups with a man of his character and numerous times he has been arrested, and so on, I would think represents a shocking breach of the law and the procedures which should govern normal labor-management relations.

Lieutenant MOONEY. Yes, sir.

The CHAIRMAN. Is there anything further, Mr. Counsel?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Lieutenant Mooney, and Mr. Cofini.

Mr. KENNEDY. Mr. Chairman, I might say that Mr. Lombardozzi at the present time is in jail for contempt of a State body in New York, which was looking into the activities at Apalachin, that is, the New York State Commission of Investigation.

The next witness is Mr. Eli Kasper.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KASPER. I do.

TESTIMONY OF ELI KASPER

The CHAIRMAN. All right, Mr. Kasper, will you give us your name, your address, and your business or occupation, please.

Mr. KASPER. Eli Kasper, I reside at 182 Gerard Street, in Brooklyn, presently employed by the National Novelty Co. in Long Island.

The CHAIRMAN. You waive counsel, do you, Mr. Kasper?

Mr. KASPER. Yes, I do.

MR. KENNEDY. You are a jobber of games; is that right?

MR. KASPER. Yes, sir.

MR. KENNEDY. Of jukeboxes and a route operator?

MR. KASPER. Yes, sir.

MR. KENNEDY. What is a jobber of games?

MR. KASPER. Selling equipment such as music machines and amusement machines.

MR. KENNEDY. And you have 115 jukeboxes and 75 games?

MR. KASPER. Approximately.

THE CHAIRMAN. You sell all three machines?

MR. KASPER. Just two.

THE CHAIRMAN. Amusement machines, and music machines and the vending machine?

MR. KASPER. No, sir.

THE CHAIRMAN. You don't sell vending machines?

MR. KASPER. No, sir.

MR. KENNEDY. As far as your past, you were a calculator on west coast racetracks, a sheet writer on New York racetracks prior to pari-mutuel, and a captain at the Brown Derby and Sardi's, waiter at the Stork Club, and a building supervisor of construction?

MR. KASPER. That is right.

MR. KENNEDY. In January of 1955, you were hired by the association, AAMONY?

MR. KASPER. That is right, sir.

MR. KENNEDY. To survey locations; is that right?

MR. KASPER. That is right.

MR. KENNEDY. And determine locations, which ones were owned by the members and which by nonmembers?

MR. KASPER. That is correct.

MR. KENNEDY. One of the purposes was to determine who was paying dues; is that right?

MR. KASPER. In addition to solicit those who weren't members.

MR. KENNEDY. Later on you worked in the office of the association.

MR. KASPER. That is true.

MR. KENNEDY. During 1954 and 1955, local 465 in New York City, and local 433 in Nassau and Suffolk Counties were having an organizational clash; is that right?

MR. KASPER. That is correct.

MR. KENNEDY. Did it ultimately end in a merger between the two locals?

MR. KASPER. That is true.

MR. KENNEDY. Which became local 433?

MR. KASPER. That is right.

MR. KENNEDY. How did that come about?

MR. KASPER. They were picketing each other's locations, that is, local 433 was sending pickets to members of 465, and 465 retaliated by sending pickets to members of 433.

MR. KENNEDY. 433 was RCIA, the Retail Clerks?

MR. KASPER. That is correct.

MR. KENNEDY. Who brought about the merger of the two unions?

MR. KASPER. Mr. Blatt, then the attorney for AAMONY.

MR. KENNEDY. The association itself brought about the merger; is that right?

Mr. KASPER. That is right.

Mr. KENNEDY. Now, when a complaint was made to AAMONY by an operator that his location was jumped by another association, what would the association try to do?

Mr. KASPER. If the complaint was sent into the association before the operator lost his location, we would make an attempt to bring about a settlement between the location owner and the operator, and if that failed and the equipment was removed and replaced by a non-member, at that time then it would be the problem of the union and not of the association.

Mr. KENNEDY. What would you do? What would you do as far as the union was concerned?

Mr. KASPER. As far as we are concerned, we rarely contacted the union, and we also instructed the members to contact the union directly, because at first we did contact the union and we were told to notify the member to contact them personally.

Mr. KENNEDY. The member would contact the union and the union would then send out a picket line?

Mr. KASPER. Not always.

Mr. KENNEDY. It was the purpose of contacting?

Mr. KASPER. That was the purpose.

Mr. KENNEDY. To picket the location where this other individual had come in and taken the location?

Mr. KASPER. That is right.

Mr. KENNEDY. Is that right?

Mr. KASPER. Yes, sir.

The CHAIRMAN. The union members acted upon the instructions of the association?

Mr. KASPER. If I understand you clearly, Senator, at first we would notify the union.

The CHAIRMAN. That is, the association would?

Mr. KASPER. Yes.

The CHAIRMAN. Would notify the union?

Mr. KASPER. Yes, sir; and at some early date thereafter we were instructed to notify the members when they sent their complaints in, to notify the union directly instead of coming in from us.

The CHAIRMAN. The association then worked through the members?

Mr. KASPER. I don't quite understand the question.

The CHAIRMAN. Well, instead of the association making the complaint directly to the union, you were instructed to get your complaint in through the members of the union?

Mr. KASPER. That is correct.

The CHAIRMAN. That is the way you operated?

Mr. KASPER. That is right.

Mr. KENNEDY. If one member of the association took another member's location and this could not be settled within the association, then would the one who had acted improperly, would he be expelled from the association?

Mr. KASPER. Invariably, yes.

Mr. KENNEDY. Would that automatically mean that the union would then be notified and install a picket line?

Mr. KASPER. In some cases.

Mr. KENNEDY. When he is expelled from the association, he was almost automatically also expelled from the union?

Mr. KASPER. Not necessarily.

Mr. KENNEDY. But that followed very frequently?

Mr. KASPER. There weren't too many. I think in most cases the union would maintain the membership of that member provided he continued to pay his dues and they would provide pickets to force him to remain in the union.

Mr. KENNEDY. There was also arrangement whereby if a nonassociation member came and jumped the location of an association member, you would provide the association member with a list of locations of the nonassociation member, so that he in turn could be jumping his locations?

Mr. KASPER. If we had the locations we would provide them, yes.

Mr. KENNEDY. Now, a trustee was placed in local 433; is that right?

Mr. KASPER. That is correct, sir.

Mr. KENNEDY. That is when it was taken over by the Retail Clerks; is that right?

Mr. KASPER. The international; yes, sir.

Mr. KENNEDY. At that time the Retail Clerks were anxious for local 888 of the Retail Clerks to replace them?

Mr. KASPER. That is right, sir.

Mr. KENNEDY. Was the association against that?

Mr. KASPER. No, not primarily at first, and they sat by quietly while negotiations were carried on.

Mr. KENNEDY. Well, was there a problem about the fact that if this was going to be a legitimate union that wasn't going to charge for label fees, the association was against it?

Mr. KASPER. The association tried to make contact with 888 some time after the charter was suspended and the officers of 888 wouldn't have anything to do with label charges and they just wanted the monthly dues.

Mr. KENNEDY. And the association, however, wanted a union that would be able to finance pickets?

Mr. KASPER. They felt that it wouldn't be sufficient to finance pickets.

Mr. KENNEDY. So they went to look for another union?

Mr. KASPER. Not for quite some time.

Mr. KENNEDY. Well, subsequently.

Mr. KASPER. Yes.

Mr. KENNEDY. They were willing initially to go in with local 888 but then when local 888 would only charge for the dues of the employees who were members of the union, the association was not interested because they felt that they could not finance the picket lines that were necessary for the association; is that right?

Mr. KASPER. That is right.

Mr. KENNEDY. This was the servicing that the union was supposed to give to the members of the association.

Mr. KASPER. That is right.

Mr. KENNEDY. Subsequently, Mr. Caggiano, about whom we had testimony yesterday, reactivated his local 465?

Mr. KASPER. That is right.

Mr. KENNEDY. And he was willing to take in the label fees and a contract was made with his local?

Mr. KASPER. That is right, it was renegotiated and to obtain the standing he had had prior to the merger with 433.

Mr. KENNEDY. At that time, did the members of the association want you to go into this local and be their representative?

Mr. KASPER. I have been asked that; yes, sir.

Mr. KENNEDY. Who asked you to do that?

Mr. KASPER. Several members on the board of directors, and I don't recall because I dismissed it and I thought of the matter no further.

Mr. KENNEDY. They wanted to make sure that the union acted on their behalf and provided the correct servicing and they requested that you go and start to work for the union to make sure that their interests were covered; is that right?

Mr. KASPER. That is right.

Mr. KENNEDY. And you refused to do that?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. During the period of time when they couldn't make this agreement with local 888 and there was no union, was there much raiding back and forth between the various members of the association?

Mr. KASPER. Not among the members of the association. There was very little among them, but there was much raiding by nonmembers.

Mr. KENNEDY. Raiding of the locations of the members of the association?

Mr. KASPER. That is right.

Mr. KENNEDY. And that is what brought about the signing of the contract ultimately with local 465?

Mr. KASPER. There was no contract entered into with 465.

Mr. KENNEDY. Or making the arrangements?

Mr. KASPER. Yes, they were negotiating.

Mr. KENNEDY. Did Mr. Al Cohen then come into the picture with his local?

Mr. KASPER. He came in with a local on music.

Mr. KENNEDY. What was Mr. Cohen doing?

Mr. KASPER. He was identified with 433, with Caggiano, and subsequently took leave of absence and my understanding is he organized a new union called 531 and playing havoc among the music operators.

Mr. KENNEDY. Was he going around and causing difficulty among certain of the operators in favor of other operators; did you understand that?

Mr. KASPER. That is right.

Mr. KENNEDY. Did you find that out yourself that he was actively around working on behalf of some of the operators?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. You had your own personal experience with that?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. Now, the association was considering signing a contract then with some five or six different unions, that were active in the field?

Mr. KASPER. Approximately that many.

Mr. KENNEDY. There was Local 202 of the Teamsters, Local 266 of the Teamsters, and 1690 of the Retail Clerks and 465 of the Federated Union of America, Local 19 of the FSWU; is that right?

Mr. KASPER. I am not familiar with the initials, but the numbers I am.

Mr. KENNEDY. Who was local 19 suggested by?

Mr. KASPER. The first I heard of it was when I met a chap by the name of John, and it is a difficult name, Amalfitano, and Larry Gallo.

Mr. KENNEDY. Did you understand Mr. Amalfitano was an individual who had certain underworld connections?

Mr. KASPER. I didn't at the time, but I have learned since.

Mr. KENNEDY. And also was it suggested by Bert Jacob, who was a board member?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. And he said that you could make a contract with local 19 and they would restore peace to the industry?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. Actually it was local 19 and some of these same people who were causing the havoc, was it not?

Mr. KASPER. Later on, when they lost an injunctive suit, same people organized 266.

Mr. KENNEDY. Which is the Teamsters?

Mr. KASPER. That is right.

Mr. KENNEDY. Now, as to Local 202 of the Teamsters, there was no interest in making a contract with them either because they were not interested in taking money for labels; is that right?

Mr. KASPER. That is true.

Mr. KENNEDY. Mr. Chairman, Local 202 of the Teamsters of New York has a good reputation, and a very legitimate union, and this once again shows that the association was not interested in making a contract with really a legitimate union as they could have with these people, but only with a union that would take extra money to pay pickets, which was really the purpose of making the contract.

Mr. KASPER. At a general meeting—

The CHAIRMAN. Local 202 was a good union, in spite of the international leadership?

Mr. KENNEDY. That is correct, but ultimately they did sign the contract with Local 266 of the Teamsters, which is the local union of the Teamsters in New York which is run by the gangsters.

Mr. KASPER. May I clarify that a moment?

The CHAIRMAN. You say "run by the gangsters." Was that 266 already in existence or was it created specifically for this purpose?

Mr. KENNEDY. Mr. DeGrandis was an official of another union, and he was expelled because of the way he was operating. We will have testimony on that. He set up local 266 of the Teamsters, and he has a police record.

Local 202 of the Teamsters had jurisdiction over this industry, and the joint council 16 under Mr. O'Rourke stepped in and took jurisdiction away from the legitimate Teamsters Union and gave it to the Teamsters Union that is gangster-run.

The CHAIRMAN. That is 266?

Mr. KASPER. Yes, sir.

The CHAIRMAN. Was 266 already in existence?

Mr. KENNEDY. No, it came into existence during this period of time, in 1955.

Mr. KASPER. At a general meeting, there were four unions mentioned, and the membership voted.

The CHAIRMAN. It is pretty well established, then, the purpose of establishing 266 was to do the dirty job that 202 refused to do.

Mr. KASPER. Well, no, it is not that way. It is not that simple. 202 was the union voted upon to enter into negotiations for a contract at a general meeting. A day or two later it was reported to me that there was a central trades committee among the Teamster officials, and that 202 had no jurisdiction, and 202 I understand was a member of the Hickey group, which was considered an honest group, and 266 was considered a member of the O'Rourke group, considered a dishonest group.

The CHAIRMAN. What I was trying to get at, 266 was in existence, and it had already been established prior to this controversy?

Mr. KASPER. No, sir, 266 came about after the voting of 202.

The CHAIRMAN. I am trying to get the record clear.

Mr. KASPER. I hadn't heard of 266 until 2 days after the meeting, when 202 was voted upon.

The CHAIRMAN. All right. Proceed.

Mr. KASPER. In spite of the no-label charges.

Mr. KENNEDY. When 202 refused to accept or make this arrangement accepting extra money for the labels, and then when joint council 16 ruled in favor of local 266, a contract was made with local 266 of the Teamsters.

Mr. KASPER. Not with the AAMONY at the time.

Mr. KENNEDY. Subsequently it was.

Mr. KASPER. Yes, after some hard work.

The CHAIRMAN. How long subsequently?

Mr. KASPER. Not to jump the gun, but prior to that when the association refused to sign with 266, a group of board members of the association and a group of nonmembers whom we have had a lot of difficulty with formed the United Coin Machine, and it was they who signed with 266.

Mr. KENNEDY. A rival association, was it?

Mr. KASPER. Yes, sir.

The CHAIRMAN. How long afterward was it before this was finally done?

Mr. KASPER. Very shortly thereafter.

The CHAIRMAN. This was all happening very fast?

Mr. KASPER. I think it was all prearranged.

Mr. KENNEDY. The group that had formerly been backing local 19, fellows like Burt Jacobs, they then went over to local 266?

Mr. KASPER. That is right.

Mr. KENNEDY. And the local 19 is the local, Mr. Chairman, that was described to us yesterday. The people that were the heads of it were the people who were the inheritors or people who followed from Murder, Inc. They also were a gangster group.

When the association refused to go along with them, this group within the association backed local 266 and walked out of the association and brought this group with them, and then they signed a contract with local 266.

Mr. KASPER. That is correct.

Mr. KENNEDY. That was a rival association called United Coin; is that right?

Mr. KASPER. That is right.

Mr. KENNEDY. That was made up to a large extent by the board members of AAMONY?

Mr. KASPER. Not all of the board members. There were about 40 percent of them.

Mr. KENNEDY. Of the board members went over with this new group?

Mr. KASPER. That is true.

Mr. KENNEDY. Subsequently, local 266 began picketing the other members who were interested in getting or obtaining a contract with a legitimate union?

Mr. KASPER. That is correct.

Mr. KENNEDY. Then, did the association ultimately, because of the pressure that was being placed on them by local 266 and the Teamsters and these association members that walked out, did they subsequently decide that they would join together with United Coin?

Mr. KASPER. That is right.

Mr. KENNEDY. And they moved into their office, did they?

Mr. KASPER. Yes.

Mr. KENNEDY. Is that because of the pressure that local 266 was able to place on you?

Mr. KASPER. That is right.

Mr. KENNEDY. Did you move over yourself?

Mr. KASPER. I refused when the truckmen arrived to take the records and the furniture. I was instructed. I took my orders at that time from the president, and the board passes on their orders, and I have obeyed the president's instructions and he told me not to allow anybody to move anything out of the office.

Mr. KENNEDY. Subsequently did you?

Mr. KASPER. Pressure was brought upon the president and he reversed his orders.

The CHAIRMAN. Can you describe the pressure that you refer to?

Mr. KASPER. Only from guesswork, sir.

The CHAIRMAN. Well, you have a pretty accurate guess about it, haven't you?

Mr. KASPER. The pressure was brought upon him, "Either you move over or we will continue to picket your members."

The CHAIRMAN. What is that?

Mr. KASPER. "You move over the records to the new office, that is the United, move your records and we don't care about your furniture, and all we want is your records, and move them over to our office and if you refuse to do it we will continue the pickets."

There was a moratorium set on the pickets, and pickets were removed, and the small operators were crying and they had their life savings invested and they were losing locations because of the pickets and the owners of the bars and grills wouldn't have any disputes with any union, and so these operators were asked to remove their equipment.

The CHAIRMAN. It was an economic pressure applied by the union?

Mr. KASPER. Exactly.

The CHAIRMAN. And in a collusion with the association.

Mr. KASPER. Yes, sir.

Mr. KENNEDY. Where it involved the Teamsters, it was that much more powerful because they could cut off all of the deliveries to the tavern.

Mr. KASPER. That has already been established, too, and they have stopped deliveries.

Mr. KENNEDY. So with all of this pressure, ultimately it was decided that you had better move over and make this arrangement with Mr. De Grandis and the Teamsters Local 266.

Mr. KASPER. That is true, sir.

Mr. KENNEDY. Now, the main backing for Mr. De Grandis came once again from Mr. Jacob, did it not, Mr. Gene Jacob, who is one of the owners?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. And he is the one that has this route in New York and also in West Virginia?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. Now, did he start giving you orders then when you moved into the new office?

Mr. KASPER. He did.

Mr. KENNEDY. Did you protest?

Mr. KASPER. I did.

Mr. KENNEDY. And what did Mr. Jacob tell you at that time?

Mr. KASPER. Well, I protested violently, to put it mildly, and I have instructed the board I wouldn't take orders from anybody but the president.

Mr. Gene Jacob and I got into a hassle and he finally pacified me by telling me that he has a piece of the union, and that I wouldn't mind working for \$500 a week, and that in a short time he would have all of the music operators and game operators into the newly combined association and the union and that he would invariably increase the monthly label charge to \$5 per equipment, and that there would be about \$25,000 a month income, and that there would be enough to pay off the board members and to give me a handsome salary, as well as himself.

Mr. KENNEDY. Did he say he had helped finance the union?

Mr. KASPER. He did.

Mr. KENNEDY. He had helped to finance Local 266 of the Teamsters?

Mr. KASPER. That, and also the newly formed United.

Mr. KENNEDY. As well as the association?

Mr. KASPER. That is right.

Mr. KENNEDY. And that you should go along because you were going to be able to get a complete monopoly of all of the operations in New York City?

Mr. KASPER. That is right. Let me trouble you for a moment. Gene Jacob controlled the union and Bert Jacob controlled the association, and between them they could control the industry and that was their plan.

Mr. KENNEDY. The smaller operators could be squeezed out, and the label fees could be upped. There would be more money available for everybody, and there would be an absolute monopoly on the whole industry in New York City?

Mr. KASPER. That is correct.

Mr. KENNEDY. Did he send you out to various locations to try to find out who were members of the association and who were not?

Mr. KASPER. I did.

Mr. KENNEDY. Did you go out into Long Island?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. Did you report back?

Mr. KASPER. I did.

Mr. KENNEDY. Did you find that immediately upon reporting back, that Local 266 of the Teamsters sent out pickets to picket these people?

Mr. KASPER. They did.

Mr. KENNEDY. And this was causing great economic hardship on all of these people?

Mr. KASPER. It did.

Mr. KENNEDY. Did you object again to that?

Mr. KASPER. I did.

Mr. KENNEDY. What was the result?

Mr. KASPER. I resigned.

Mr. KENNEDY. When was this?

Mr. KASPER. In April of 1958.

Mr. KENNEDY. When was the conversation that you had with Mr. Jacob about gaining control of all of these coin machines in New York City?

Mr. KASPER. About 2 or 3 weeks prior to my resignation.

Mr. KENNEDY. About March of 1958?

Mr. KASPER. That is right.

Mr. KENNEDY. You just felt that you couldn't take it any longer?

Mr. KASPER. I couldn't; no, sir.

Mr. KENNEDY. Did you ever hear Mr. Gene Jacob talking to anyone, to any of the operators, as to what would happen to them if they didn't belong to the association?

Mr. KASPER. I did.

Mr. KENNEDY. Would you relate that to the committee?

Mr. KASPER. I recall one incident where he talked to the wife of a nonmember, asking her to get her husband to join up or he won't have to go to a dentist to get his teeth removed.

The CHAIRMAN. You spoke of \$25,000, and was that per week or per month?

Mr. KASPER. Per month income.

The CHAIRMAN. That would be from the \$5 machine charge?

Mr. KASPER. Ultimately so; yes, sir.

The CHAIRMAN. From stamps?

Mr. KASPER. Yes, sir.

The CHAIRMAN. That didn't include or purport to cover all of the income, the \$25,000 per month?

Mr. KASPER. That was my understanding; that would be the total gross income.

The CHAIRMAN. From all of the levies made?

Mr. KASPER. From the music boxes and games as well.

The CHAIRMAN. I know, but did it apply to dues, and did it include dues or just the stamps?

Mr. KASPER. The stamps, and the association had no dues other than the label charge.

The CHAIRMAN. Other than the label charge?

Mr. KASPER. That is right.

Mr. KENNEDY. The people that were behind local 19, the union that Jacob backed originally, were the Gallo brothers; is that right?

Mr. KASPER. That is right, sir.

Mr. KENNEDY. Did you know anything about the Gallos?

Mr. KASPER. Only from hearsay; only what was reported.

Mr. KENNEDY. That they were connected with the underworld?

Mr. KASPER. That is right.

Mr. KENNEDY. For instance, Lawrence Gallo, according to our information, has been arrested 13 times and convicted 4 times, and he is 30 years old. He was convicted in 1944 for grand larceny and criminally receiving stolen property; 1951 for policy; 1952 for criminally receiving stolen goods; and 1954 for felonious assault. He was the man that was backing this local 19.

After local 19 lost out, did you see him in the association headquarters?

Mr. KASPER. Yes; I did.

Mr. KENNEDY. Were they there frequently?

Mr. KASPER. Yes, sir.

Mr. KENNEDY. He and his brother?

Mr. KASPER. Well, Lawrence was a more frequent visitor than the other brother.

Mr. KENNEDY. Was Joey there also?

Mr. KASPER. I have met him once or twice.

Mr. KENNEDY. Joey Gallo is known as Joey the Blonde. He has been arrested 17 times, and he is 28 years old. He has been convicted four times. In 1944, when he was a juvenile delinquent, placed on probation at the age of 14; 1950, burglary and possession of burglary tools; 1950, disorderly conduct; 1954, felonious assault.

These were the people that were behind local 19, and certain members of the association were anxious to make a contact with this group rather than a legitimate union.

Subsequently they turned their efforts over in favor of local 266, which had not been in existence in this field in the past which, in turn, was run by a convicted felon, and the Gallos continued to play a role in the association, and used to frequent the office of the association.

The contract is now with local 266. The man who is chiefly responsible says that in a short period of time he can gain control of the whole of New York City in this field?

Mr. KASPER. That is true.

Mr. KENNEDY. And a complete monopoly through the help of the Teamsters Union?

Mr. KASPER. That is right.

The CHAIRMAN. Is this effort now in progress? Is this effort now continuing, to gain this complete monopoly in New York City?

Mr. KASPER. Well, to my understanding, since I left the association, the continued picketing and raiding of music, that the music association, through their efforts in obtaining injunctions against their raiders, that they have subsided for the time being.

The CHAIRMAN. You don't think it has been permanently abandoned?

Mr. KASPER. No, sir. I know they have stretched out not only in New York City and Nassau and Suffolk Counties, but also into Westchester.

The CHAIRMAN. Do you think the organization still exists and still has plans to monopolize the industry throughout the State?

Mr. KASPER. I imagine that is still their plan.

The CHAIRMAN. Some injunctions or proceedings of that nature have slowed them down to some extent?

Mr. KASPER. They have.

The CHAIRMAN. Is there anything further?

Senator KENNEDY. Mr. Chairman——

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY. As I understand it, the \$25,000 estimated monthly profit was going to come from the sticker money, plus the profits that would be made by the additional installations secured. Is that correct?

Mr. KASPER. I don't quite understand what you mean by installations.

Senator KENNEDY. You were told by Mr. Jacob that there would be a profit of \$25,000, out of which you would get a very adequate salary and others would receive compensation.

Where would that \$25,000 come from? Would it come in part from sticker money?

Mr. KASPER. All of it would be sticker money.

Senator KENNEDY. It would not be merely additional installations?

Mr. KASPER. No.

Senator KENNEDY. In other words, you would get \$25,000 a month just from the sticker money?

Mr. KASPER. That is right.

Senator KENNEDY. You would get other moneys, of course, as the number of installations increased, with your additional power?

Mr. KASPER. In addition—for example, if there were 10,000 pieces of equipment, that would be at the rate of \$5 a piece; it would be \$50,000.

If they had increased their routes, for each additional piece of equipment they would pay the extra \$5.

Senator KENNEDY. As I understand it, the union, in order to get the pickets away, would have to pay this estimated \$5 per machine for the sticker. That \$5 would not go to the union, but it would go to Mr. Jacob for he and his brother to divide, who was head of the union, is that correct, plus all the rest?

Mr. KASPER. There would be two separate charges, one by the association, and then there would be another charge by the union. They would function independently, separate and apart.

Senator KENNEDY. Well, how would the——

Mr. KASPER. In other words, you would pay \$5 a month for each piece of equipment to the association, and you would pay \$5 a month to the union.

Senator KENNEDY. You would each get \$5?

Mr. KASPER. Yes.

Senator KENNEDY. This would be in addition to the regular rent that you pay to the association for the use of the machines; is that correct? You are now talking about just a sticker charge?

Mr. KASPER. I am talking about a sticker charge only. That is the only charge that the association makes.

Senator KENNEDY. But the company, the operators, would get their own money, of course, from the installation of the machines in a tavern and so on; is that correct?

Mr. KASPER. Well, that would be added to their monthly dues. In other words, if you operated 10 pieces, and you paid \$5 a month for each, that was \$50. That was the only source of income.

Senator KENNEDY. What I am trying to get at is this: The \$25,000 was going to be income which would be derived by members of the association, and particularly Mr. Jacob; it would be derived by the use of union pickets, and the payoff that the owners of the taverns, et cetera, would have to make in order to rid themselves of the pickets. Is that the way it would work?

Mr. KASPER. That is about setting it up.

Senator KENNEDY. It seems to me that this is the reverse, instead of the usual pattern, which is the payment by the employer to the union leader for a sweetheart arrangement, which is prohibited, but not sufficiently, in the Taft-Hartley Act.

Now we have a case where the union is paying the employers and is the means of getting a payoff to the employer, which is the use of the union by the association to pay off the employer. Is that correct?

Mr. KASPER. No, sir. Perhaps I misunderstood your question, or perhaps you misunderstood my answer.

The union and the association are separate entities.

Senator KENNEDY. But it is the use of the union picket line which secures for you under this plan, the association, \$25,000.

Mr. KASPER. That would be the force of it.

Senator KENNEDY. That is right. You don't have any other means of raising the \$25,000 except the threat of the picket line; is that correct?

Mr. KASPER. That is correct.

Senator KENNEDY. Therefore, it is the union securing a payment for the employers or the association of the \$25,000.

Mr. KASPER. That is correct; yes, sir.

Senator KENNEDY. That is not a customary way in which the money flows. Why would the union be that generous with you? If they are getting the sticker money and they are the ones who are securing it, why wouldn't they keep the \$25,000?

Mr. KASPER. Well, they would get a like amount.

Senator KENNEDY. They would get theirs and the association gets theirs.

Mr. KENNEDY. There are two kinds of stickers, the association's and the union. For each of the stickers you have to pay \$5 in order to place it on your machine.

Senator KENNEDY. But both stickers would be enforced by the union.

Mr. KENNEDY. That is right.

Mr. KASPER. Yes.

Mr. KENNEDY. In order to make this operate successfully you have to have the union.

Then, of course, in addition to that money, it was going to be the increase in business by putting the small operators out of business, which local 266 is doing at this very time, by placing the picket line. Then they can be selective as to who they will allow in the association.

If you can't get in the association you can't get in the union, and you are out of business.

The CHAIRMAN. In other words, it is a collusive arrangement between the union and the association.

Mr. KASPER. I would say that would be the case the last 8 or 10 months. It hasn't been while I was there. I can assure you of that.

Senator KENNEDY. I would say the union is being generous with the association. Instead of in effect stealing the \$25,000 for themselves, the Teamster local, they were generous enough to make sure that the association also got theirs.

Mr. KASPER. That is right. They would both get theirs.

Mr. KENNEDY. Nobody is interested in the employees.

Mr. KASPER. They never was.

Senator KENNEDY. Do you know what happened to the \$25,000 which the union got? Was that distributed by Jacobs' brother, or was that distributed to each union member on a pro rata basis?

Mr. KASPER. Are you referring to the income?

Senator KENNEDY. This is what would have happened.

Mr. KASPER. Well, both brothers, one was in power of the association, and the other in the power of the union. They would act as independent entities and both would receive their portion.

Senator KENNEDY. I am sure it is evil. There is no doubt that numerous laws would have been breached. It indicates that no matter how many laws you write, the administration is what counts.

Mr. KENNEDY. Jacobs were just nominally with the union. They were actually with management.

Mr. KASPER. Both are in the association's office.

Mr. KENNEDY. Both Jacobs are with the management and then we have on the union side first the Gallo brothers and then we had DeGrandis.

Mr. KASPER. Yes, sir.

Mr. KENNEDY. And that is the present arrangement?

Mr. KASPER. Yes, sir.

Senator KENNEDY. The Taft-Hartley Act prohibits the payment by the employer. It may be necessary to place some additional language which would prohibit the use by the employers of a union in order to coerce money for themselves, even though, of course, it would be prohibited, I think, by the law of New York.

Mr. KASPER. I imagine so.

The CHAIRMAN. The union has a charter, has it not, local 266?

Mr. KASPER. Yes, they have. It wasn't easy to obtain it.

The CHAIRMAN. That was a charter from the International Teamsters?

Mr. KASPER. Yes.

Senator KENNEDY. One other point. It seems to me that the problem is that you can write a provision of a law against the use of a picket line for extortion, which is what this amounted to, and there is no doubt that that is generally supported, but it seems to me that the problem here is that the union in these cases always conceals that it is extortion and says that it is a servicing charge, or protecting the working conditions of their members.

Therefore, it is very difficult to pinpoint legislative language in order to deal with this kind of a situation, when it is always concealed, as we saw in the case of a generator a few minutes ago. The payments are never that blunt, but they are always hidden by using some respectable aside.

Mr. KASPER. That is so true.

The CHAIRMAN. Thank you very much, Mr. Kasper.

The committee will stand in recess until 2:30.

(Members of the select committee present at the taking of the recess were Senators McClellan and Kennedy.)

(Whereupon, at 12:15 p.m., the committee recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

The CHAIRMAN. We will proceed.

Mr. KENNEDY. Mr. Caggiano is the next witness.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAGGIANO. I do.

TESTIMONY OF JAMES CAGGIANO

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. CAGGIANO. My name is James Caggiano. I live at 6236 130th Street, Flushing, Long Island, and my business is president of local 465.

The CHAIRMAN. What local is that?

Mr. CAGGIANO. 465.

The CHAIRMAN. Do you waive counsel?

Mr. CAGGIANO. I do.

Mr. KENNEDY. That is 465 of the International Union of Electrical Machine Workers?

Mr. CAGGIANO. Industrial.

Mr. KENNEDY. Electrical Industrial Workers?

Mr. CAGGIANO. Industrial Union of Electrical Machine Workers.

Mr. KENNEDY. Affiliated with?

Mr. CAGGIANO. CUA, Confederated Unions of America.

Mr. KENNEDY. And you are president of that local?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. How many members do you have?

Mr. CAGGIANO. Right now paying members, about 35.

Mr. KENNEDY. About 35 members?

Mr. CAGGIANO. Yes, sir.

The CHAIRMAN. What kind of members are not paying members? You said paying members. Do you have some that don't pay?

Mr. CAGGIANO. They haven't paid in the past. They have paid in the past, I mean.

The CHAIRMAN. They are not paid up, you mean?

Mr. CAGGIANO. That is right.

The CHAIRMAN. They have been members in the past but not paid up now?

Mr. CAGGIANO. Over 200.

The CHAIRMAN. There have been 200 in the past that are not paid up now?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. That is during your career extended back a number of years; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Up until just recently you were the part owner of a club vending service; is that right? That is a small-scale nut and gum vending business, and a reconditioner of jukeboxes, at the same time you were president of local 465?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. This did not work out financially so you have abandoned it?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And you are concentrating on your 30 members of your union.

Mr. CAGGIANO. I am concentrating on organizing, whatever I can.

Mr. KENNEDY. Whatever needs to be organized?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. What are the dues that these members pay?

Mr. CAGGIANO. \$4 a month dues.

Mr. KENNEDY. That is about \$120 a month?

Mr. CAGGIANO. Approximately.

Mr. KENNEDY. Do you have a headquarters?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Where are your headquarters?

Mr. CAGGIANO. At 53d Street and Broadway.

Mr. KENNEDY. Do you have a room there?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. It belongs to just you?

Mr. CAGGIANO. Just one room.

Mr. KENNEDY. It belongs to you?

Mr. CAGGIANO. No, I am occupying one room with someone else. I am sharing the office with someone else.

Mr. KENNEDY. Who are you sharing your office with?

Mr. CAGGIANO. A fellow by the name of Perry.

Mr. KENNEDY. What kind of business is he in?

Mr. CAGGIANO. He is in the advertising business.

Mr. KENNEDY. Do you pay rent to him?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. The union dues?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Out of \$120?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Is that your sole source of income, \$120?

Mr. CAGGIANO. Right now, yes.

Mr. KENNEDY. So you have to pay rent to him and support yourself on \$120 a month?

Mr. CAGGIANO. I have my daughters working, and helping out at the house.

Mr. KENNEDY. You were born on the lower east side of New York City.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. At that time you came to know people such as Lucky Luciano?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Joe Adonis?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. And Longy Zwillman?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. And Jerry Catena?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Doc Statcher?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Frank Costello?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Dutch Schultz?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. And Jimmy Doyle?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Those are some of the people that you were brought up with; is that right?

Mr. CAGGIANO. Yes, sir. That is right.

Mr. KENNEDY. You were active during prohibition as a bootlegger?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. You worked for Lucky Luciano at that time?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. You sold liquor that was procured by Lucky Luciano during prohibition?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And you were one of those who rowed out to the ships and unloaded the ships and brought the liquor in?

Mr. CAGGIANO. Sometimes.

Mr. KENNEDY. That was your job during prohibition days?

Mr. CAGGIANO. Sometimes; yes.

Mr. KENNEDY. Then later you worked for Meyer Lansky, did you?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. And you were chauffeur for him?

Mr. CAGGIANO. That is correct.

Mr. KENNEDY. Chauffeur for his son, also, who was crippled?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. You have no convictions and you have been arrested several times, but no convictions?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. During 1940, you had been working in your father's grocery store?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. And you went to work for local 254 for Lichtman?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Who testified yesterday. And you worked as a business agent; is that right?

Mr. CAGGIANO. That is right, sir.

Mr. KENNEDY. And what were your duties and what were you doing for them?

Mr. CAGGIANO. Organizing.

Mr. KENNEDY. What is that?

Mr. CAGGIANO. Organizing.

Mr. KENNEDY. What would this mean?

Mr. CAGGIANO. Well, organizing the industry in the coin machines.

Mr. KENNEDY. When there was a complaint, at this time they had a contract with the association, local 254; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. That was a contract with the game association, was it not?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And when the members of the game association telephoned that a location of his had been jumped, you would handle that; is that right?

Mr. CAGGIANO. I would go out and investigate.

Mr. KENNEDY. You would go out and investigate?

Mr. CAGGIANO. That is right. Yes, sir.

Mr. KENNEDY. And if necessary place the pickets in front of the location?

Mr. CAGGIANO. If it was necessary; yes, sir.

Mr. KENNEDY. The purpose of the union at that time, at least, was to protect the game association?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. If it was a nonunion operator and if you were able to induce a nonunion operator to join the union, he also joined the association, and that was automatic; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then, after a period of time, local 254 used labels as a source of income?

Mr. CAGGIANO. I didn't hear that correctly.

Mr. KENNEDY. After a while, local 254, not receiving too much income from the membership, started using these labels as a source of income?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Is that right?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. And the labels would go out on each one of the machines?

Mr. CAGGIANO. It would be placed on each machine.

Mr. KENNEDY. Initially the labels cost 25 cents per machine.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And the dues were about \$3 a month?

Mr. CAGGIANO. \$3 a month dues.

Mr. KENNEDY. There was nothing that was gained by the employees out of the arrangement, the employees got nothing out of the union?

Mr. CAGGIANO. Other than holding their jobs.

The CHAIRMAN. Holding their jobs?

Mr. KENNEDY. There was no pension or welfare or other benefits?

Mr. CAGGIANO. No.

Mr. KENNEDY. And no increase in wages or anything like that?

Mr. CAGGIANO. No.

Mr. KENNEDY. The group that gained chiefly by it was the association?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Now, you received a salary of \$50 a week and Lichtman received some \$60 a week?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then there was a girl secretary?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Now, in 1950, the union began to go broke, did it not, because the employees were calling so often to get service and get the picket lines sent out?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. So what steps did you take at that time?

Mr. CAGGIANO. Well, they weren't paying any dues or assessments and we went out organizing some of the jukeboxes.

Mr. KENNEDY. That is when you started organizing the jukeboxes?

Mr. CAGGIANO. Some fellows, someone came to us wanting to join the union for the jukeboxes.

Mr. KENNEDY. Was that known to be rather a rough group in the jukebox industry?

Mr. CAGGIANO. Yes, it was.

Mr. KENNEDY. Did you find that out yourself?

Mr. CAGGIANO. Yes, sir, I certainly did.

Mr. KENNEDY. Did you know Mr. Calland who was also trying to organize the jukeboxes?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Did Mr. Calland have a conversation with you about making an appointment to see you; that is, Mr. Frank Calland?

Mr. CAGGIANO. Yes, he did.

Mr. KENNEDY. Would you relate what he said to you?

Mr. CAGGIANO. Well, he said he wanted to see me.

Mr. KENNEDY. He operated local 786?

Mr. CAGGIANO. Out of local 786, IBEW; that is right.

Mr. KENNEDY. What did Mr. Calland say?

Mr. CAGGIANO. Well, he wanted to see me and talk to me about the industry, and I told him I wasn't interested.

Mr. KENNEDY. Who did he say wanted to see you?

Mr. CAGGIANO. Well, he mentioned a fellow by the name of Harry "Socks."

Mr. KENNEDY. Do you know who Harry "Socks" was?

Mr. CAGGIANO. Yes. Harry "Socks" Lanza.

Mr. KENNEDY. Did you know who Socks Lanza was?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. He was a notorious underworld figure?

Mr. CAGGIANO. Well, I wouldn't say he was a notorious underworld figure, but I knew the fellow from the inside.

Mr. KENNEDY. So did you decide to go and to see Socks Lanza?

Mr. CAGGIANO. I told him I wasn't interested.

Mr. KENNEDY. What happened after that?

Mr. CAGGIANO. Well, a couple of days later Frank Calland called Mr. Lichtman and told him that he wanted to see me. I told him it was all right, so he made arrangements for an appointment to meet me at his office, at 57th Street and Broadway, and when we went there, there were a couple of fellows there, and he introduced me to them, and then a telephone call came in and they changed the appointment for someplace in Brooklyn.

Mr. KENNEDY. Was there anything unusual about the office that you went to see him in?

Mr. CAGGIANO. No, at that time I didn't know if there was something unusual, but I found out later on there was something unusual.

Mr. KENNEDY. What was it that was unusual?

Mr. CAGGIANO. Well, the unusual part was that the windows were wide open and I was told I was going to be thrown out the window.

Mr. KENNEDY. This was about the fifth or eighth floor?

Mr. CAGGIANO. On the eighth floor.

Mr. KENNEDY. He introduced these two gentlemen who were there?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. As friends of his?

Mr. CAGGIANO. Yes, sir.

(Members of the select committee present at the convening of the afternoon session: Senators McClellan and Church.)

Mr. KENNEDY. But Mr. Lichtman was with you and the arrangements were made to have an appointment in another place; is that right?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Did you go to the other place?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. What happened?

Mr. CAGGIANO. Well, when I went to the other place——

Mr. KENNEDY. That was Mr. Denver's office?

Mr. CAGGIANO. Yes; Mr. Denver's office.

Mr. KENNEDY. He was head of the association at the time?

Mr. CAGGIANO. He was head of the association.

Mr. KENNEDY. You went into his office, and what happened then?

Mr. CAGGIANO. We stood there a few minutes and I was called out by Frank Calland, that he wanted to talk to me.

When I went outside, I walked a little distance in the rear room and someone hit me with a blackjack or something and I went out like a light. It gave me a terrible deal—fractured my ribs and my chest, and gave me a good working over.

Mr. KENNEDY. What do you mean "terrible deal"?

Mr. CAGGIANO. Well, kicked and punched and whatever not. I was unconscious. I don't know.

Mr. KENNEDY. Did you regain consciousness at all?

Mr. CAGGIANO. After a while; yes, I regained consciousness.

Mr. KENNEDY. What were they doing at the time you regained consciousness?

Mr. CAGGIANO. They weren't there then. There was nobody around. My friend, Charlie Lichtman, drove me back to New York and I went to St. Clare's Hospital, and I stood there a couple of days.

Mr. KENNEDY. We picked up your record at the hospital. You registered as Mr. James Cagi.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. It says the patient states that he was driving a car, had to stop suddenly and fell forward over the car wheel.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Injured his chest and developed a severe pain in the sternum region. Then it goes on.

Why did you tell them that?

Mr. CAGGIANO. Well, I felt that if I do any more talking maybe they will come back and give me a second workout.

Mr. KENNEDY. Why did you think you had been beaten up?

Mr. CAGGIANO. Well, the fact was that I shouldn't be bothering around with jukeboxes.

Mr. KENNEDY. Did you bother around with jukeboxes after that?

Mr. CAGGIANO. Never did, never since then.

Mr. KENNEDY. You have stayed away from jukeboxes?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Why?

Mr. CAGGIANO. I think one beating is enough.

Mr. KENNEDY. Who was Calland? Did you know anything about his connections or contacts?

Mr. CAGGIANO. Well, I didn't know too much about him, only from other than being in the industry.

Mr. KENNEDY. Did you know if he had any underworld connections?

Mr. CAGGIANO. No, I did not.

Mr. KENNEDY. Well, did you understand that he was closely connected with the underworld?

Mr. CAGGIANO. Yes. It was understood after the beating, anyway.

Mr. KENNEDY. You inquired around and found that he was closely connected?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. From then on you stayed out of the jukebox business?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. You were fired by Lichtman then after you got into this difficulty?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then in 1951—that was when you were with local 465—in 1951 you established a local 254? No, you established your own 465; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Lichtman's union was local 254?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. After you were fired by him, you established your own local, 465?

Mr. CAGGIANO. That is, I put in an application for a charter.

Mr. KENNEDY. Well, from the IUE; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And you were able to get a charter for local 465?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then you began to organize?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Where did you get the money to establish that?

Mr. CAGGIANO. I borrowed the money.

Mr. KENNEDY. How much did you borrow?

Mr. CAGGIANO. I borrowed \$1,000.

Mr. KENNEDY. From whom did you borrow it?

Mr. CAGGIANO. Dominic Ambrose.

Mr. KENNEDY. He was one of the employers, is that right, a distributor?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Out on Long Island?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. He is, in fact, one of the largest operators in New York City at the present time; is that right?

Mr. CAGGIANO. No. He was at that time, but no more today.

Mr. KENNEDY. He does not operate now?

Mr. CAGGIANO. I don't think so.

Mr. KENNEDY. But at that time he was one of the largest operators in New York City?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. His name is Dominic Ambrose?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Did you ever pay him back?

Mr. CAGGIANO. A portion of it, I did. I think about half or a little more than half. I still owe him some more money.

Mr. KENNEDY. Did he sign a contract with you then?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. And you started organizing the game machine business?

Mr. CAGGIANO. That is correct.

Mr. KENNEDY. At that time, you started—Mr. Chairman, may this be identified?

The CHAIRMAN. I present to you what purports to be a photostatic copy of a charter for local union No. 465 and ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. CAGGIANO. Yes.

The CHAIRMAN. Is that a photostatic copy of the charter that you received?

Mr. CAGGIANO. Yes.

The CHAIRMAN. That may be made exhibit No. 14.

(Document referred to was marked "Exhibit No. 14" for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. Then you got into a contest with Mr. Lichtman, is that right, of 254?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. And you started picketing people that had contracts with his union and he started picketing people who had contracts with your union? There was cross picketing back and forth?

Mr. CAGGIANO. Not with Charlie Lichtman.

Mr. KENNEDY. There was no cross picketing? Did you start picketing his places, his locations?

Mr. CAGGIANO. There was no pickets with local 254.

Mr. KENNEDY. You didn't start picketing his locations?

Mr. CAGGIANO. No.

Mr. KENNEDY. How did he happen to be—

Mr. CAGGIANO. He wasn't active. He was not active at the time.

Mr. KENNEDY. He couldn't get money to finance his operations; is that not correct?

Mr. CAGGIANO. Well, I don't know whether he couldn't get any money to finance, but he was somehow or other—he was not active, and I was starting to get active in the trade.

Mr. KENNEDY. Isn't it correct that you were doing some picketing at that time?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. You were picketing some of the locations that had contracts, where they had contracts with him?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. He wasn't able to cross picket or he wasn't able to picket back because he didn't have the finances; is that not right? Isn't that what you understood?

Mr. CAGGIANO. Well, I understood that, yes.

Mr. KENNEDY. But you were picketing his places?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then was it arranged that Lichtman should sell out his union?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. And did you go to him and offer to buy his union from him, buy his membership?

Mr. CAGGIANO. Buy the contract, yes.

Mr. KENNEDY. And he would not sell it to you?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Did he ultimately agree to sell it to Mr. Irving Horowitz?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. H-o-r-o-w-i-t-z?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. He sold that in December of 1951; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Horowitz had local 222 of the International Brotherhood of Jewelry Workers?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. So you had 254, the retail-wholesale, department stores, which had the jurisdiction, and then you had your union, which was 465 of the United Electrical Workers, IUE, and then you had the Jewelry Workers Union, and finally the retail-wholesale department store local 254 sold out to local 222 of the Jewelry Workers Union?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And that was for \$2,000; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Did you subsequently make an arrangement with Horowitz to buy the contract from him?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And you paid him \$2,000?

Mr. CAGGIANO. Paid him back \$2,000.

Mr. KENNEDY. So the membership was transferred from 254 to 222 to 465?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. All three different international unions?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Do you know if anybody consulted with the membership as to whether they wanted to be transferred from one union to the other?

Mr. CAGGIANO. I did.

Mr. KENNEDY. You did?

Mr. CAGGIANO. I called a meeting of the men.

Mr. KENNEDY. This was after they had been transferred?

Mr. CAGGIANO. Before the transfer.

Mr. KENNEDY. How could you call them——

Mr. CAGGIANO. Whatever membership I had at that time I called a meeting.

Mr. KENNEDY. That membership, but I am talking about the people who belonged to 254 and then 222. Were they ever consulted?

Mr. CAGGIANO. No, I don't know about that.

Mr. KENNEDY. Where did you get the \$2,000 from?

Mr. CAGGIANO. I borrowed it from——

Mr. KENNEDY. From some operators?

Mr. CAGGIANO. From some operators.

Mr. KENNEDY. Four operators?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. They loaned you the money to buy the union?

Mr. CAGGIANO. They loaned me \$2,000.

Mr. KENNEDY. To buy the membership?

Mr. CAGGIANO. To buy the contract.

Mr. KENNEDY. Was Blatt one of the four that gave you the money or loaned you the money?

Mr. CAGGIANO. Gee, I don't recall. I think he did. I don't recall.

Mr. KENNEDY. Do you remember any of the others?

Mr. CAGGIANO. No, I don't.

Mr. KENNEDY. You don't remember any of them. Did you ever pay them back?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Each one got \$500?

Mr. CAGGIANO. They all got their money back.

Mr. KENNEDY. How did you get the money to pay them back?

Mr. CAGGIANO. From the union. From the union.

Mr. KENNEDY. And the money from the union came, for the most part, from the advance of the labels that you were getting from the employers; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. As the result of the purchase, you acquired some 100 to 150 more members?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Most of these were self-employed operators?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. The operators were anxious for you to make this purchase; is that right? I mean, they financed it initially?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. You had a security clause in the contract, did you not, that provided that those operators who were not members of the union should pay \$2,500 to the union?

I will withdraw that question.

If an operator was not a member of the association, he would have to pay a \$2,500 payment to the union; is that right?

Mr. CAGGIANO. No. That was supposed to be a bond that was supposed to be placed.

Mr. KENNEDY. I understand. Well, a bond.

Mr. CAGGIANO. A bond.

Mr. KENNEDY. They would have to make a \$2,500 payment in the form of a bond to the union if he did not belong to the association?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And that was in order to get people to belong to the association?

Mr. CAGGIANO. Well, yes, I will go along with that.

Mr. KENNEDY. What?

Mr. CAGGIANO. Yes, I go along with that.

Mr. KENNEDY. And the practical result was that everybody belonged to the association rather than to pay the \$2,500?

Mr. CAGGIANO. We were never able to exercise the \$2,500 bond.

Mr. KENNEDY. They all became members of the association?

Mr. CAGGIANO. Those that did.

Mr. KENNEDY. We have a copy of the contract.

The CHAIRMAN. I present to you a photostatic copy of a document. The title of it is, "Agreement, Made and Entered Into on the (blank) Day of (blank) by and Between the International Union of Electrical, Radio, and Machine Workers, Local 465."

I ask you to examine it and state if you identify it.

(Document was handed to the witness.)

Mr. CAGGIANO. Yes.

The CHAIRMAN. You have examined the document. What is it?

Mr. CAGGIANO. It is an agreement between local 465 and the association.

The CHAIRMAN. You recognize it?

Mr. CAGGIANO. That is right.

The CHAIRMAN. That is a copy of the agreement that was made?

Mr. CAGGIANO. At that time.

The CHAIRMAN. At that time?

Mr. CAGGIANO. That is right.

The CHAIRMAN. All right. It may be made exhibit No. 15.

(Document referred to was marked "Exhibit No. 15" for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. The section 11 provides for this \$2,500 bond payment.

The CHAIRMAN. It provides for a \$2,500 payment unless you are a member of the association?

Mr. CAGGIANO. It was not a payment.

Mr. KENNEDY. A bond.

Mr. CAGGIANO. A bond that was supposed to be placed in order to live up to an individual contract.

The CHAIRMAN. In other words, if they made a contract and were not a member of the association, they had to put up the \$2,500 bond?

Mr. CAGGIANO. That is right.

The CHAIRMAN. That was to guarantee that they would perform the contract?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Exactly the same kind of arrangement, Mr. Chairman, that we went into last year in connection with the association relationship with the cartage companies in New York City, where they had to put up the same kind of a bond.

Mr. CAGGIANO. That is correct.

Mr. KENNEDY. Then you went along until April 1953 when the IUE revoked your charter?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Why did they revoke the charter?

Mr. CAGGIANO. They never gave us any reason. We were supposed to have a hearing before the executive board, which was never had, and they abandoned us. So we called a membership meeting, and the vote was made by the members to go independently. So our members went independently.

Mr. KENNEDY. We have a letter here from Hartnett, who is secretary-treasurer of the IUE. We wrote to him and asked him about the revocation. He stated:

It became almost immediately apparent that this local was not following along the lines which met IUE standards. Upon additional investigation it became abundantly clear that this was a completely dishonest operation, for which there was not room and there is no room in the IUE. Consequently, they were summarily expelled at our next executive board meeting.

Mr. CAGGIANO. Well, I do say this, that in the bylaws of the IUE, we were supposed to have a hearing by the executive board, which was never had.

Mr. KENNEDY. They just expelled you?

Mr. CAGGIANO. They just expelled us after that, without listening to our side of the story.

Mr. KENNEDY. So then you took the membership out and became independent; is that right?

Mr. CAGGIANO. That is correct.

Mr. KENNEDY. So in a period of a couple of years the membership had gone from 254 of the Retail-Wholesale Department Stores to local 222 of the International Jewelry Workers Union, to local 465 of the IUE, to local 465 Independent.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. One other step: Then you joined up with another international; is that right?

Mr. CAGGIANO. No.

Mr. KENNEDY. 465 didn't become affiliated?

Mr. CAGGIANO. Oh, well, local 465 was raided; what we call in labor "raided."

Mr. KENNEDY. You had the dispute then with local 433 of the RCIA, which is the Retail Clerks Union?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then there were disputes back and forth between 433 and local 465?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. This is when Mr. Al Cohen came into the picture; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. That was October of 1954?

Mr. CAGGIANO. Well, I don't recall the date, but that was about the time.

Mr. KENNEDY. He was with the local what?

Mr. CAGGIANO. Local 433.

Mr. KENNEDY. Mr. Cohen is a major figure, Mr. Chairman, in the course of this investigation of local 433.

Mr. Cohen and your union, 465 Independent, began to cross-picket one another?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. He would picket your locations and you would picket his locations?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. There was complete havoc in the industry?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Then upon the pressure of the employers, the operators, 465 and 433 merged?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Who was that urged by, that you merge?

Mr. CAGGIANO. Well, it was suggested by some of the members of the executive board.

Mr. KENNEDY. Did that include Mr. Blatt?

Mr. CAGGIANO. Yes, that is right; the attorney for the operators' association.

Mr. KENNEDY. He was one of those who recommended that?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. We have had some contradictory testimony from Mr. Blatt, Mr. Chairman, and I expect from some of the other witnesses, contradictory testimony from his testimony of yesterday, including this matter, which Mr. Blatt denied having knowledge of.

Local 465 and local 433 did merge; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. In June of 1955?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. What local did it become then?

Mr. CAGGIANO. It became—I will say this, that on the membership meeting that we had with local 465, the members voted that in the event at any time local 433 wasn't suited by the members of local 465, we were to revert back to 465.

Mr. KENNEDY. You became local 433?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And that was RCIA?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. They have gone now from 254 to 222 to 465, IUE, to 465, Independent, to 433, RCIA?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. You became president of Local 433, RCIA?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And Mr. Cohen became secretary-treasurer and business agent?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Did you know if Mr. Cohen knew a Mr. Johnny Dioguardi?

Mr. CAGGIANO. I didn't know?

Mr. KENNEDY. Were there telephone calls to your local headquarters?

Mr. CAGGIANO. At that time, no, I didn't know it.

Mr. KENNEDY. Subsequently did you learn?

Mr. CAGGIANO. I learned subsequently.

Mr. KENNEDY. And Tony Ducks Corallo?

Mr. CAGGIANO. Subsequently.

Mr. KENNEDY. There were telephone calls to and from Tony Ducks as well as Johnny Dioguardi to Frank Calland?

Mr. CAGGIANO. Well, I don't know about the calls——

Mr. KENNEDY. I mean, you knew of that?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. Did Mr. Corallo ever come to the headquarters?

Mr. CAGGIANO. Not that I know of.

Mr. KENNEDY. Tony Ducks, did he ever come to the headquarters?

Mr. CAGGIANO. I think maybe once.

Mr. KENNEDY. You saw him there? Mr. Calland was friendly with these people?

Mr. Cohen, I mean; he was friendly with these two people?

Mr. CAGGIANO. I assume so.

Mr. KENNEDY. You heard, you knew that they were talking on the telephone?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Then Mr. Cohen left local 433; is that right?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. And he got another charter himself from another international union called the United Industrial Unions?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Also friendly with Mr. Cohen was Moe Kutlow? Did you know that?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. Did you know who Moe Kutlow was?

Mr. CAGGIANO. No, I didn't.

Mr. KENNEDY. Did you know he was a racketeer, came from a racketeer family?

Mr. CAGGIANO. No, I didn't.

Mr. KENNEDY. Do you know his brother Tom Cutty?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Do you know anything about Tom Cutty?

Mr. CAGGIANO. Well, I knew him from the East Side, but I didn't know Moe Kutlow.

Mr. KENNEDY. His brother, Cutty, was an associate of Longie Zwillman; is that right?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. Cohen, when he left you, got a charter from Local 531 of the United Industrial Union; is that right?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. He resigned from local 433 on July 2, 1958.

Mr. CAGGIANO. If that is the record; that is right.

Mr. KENNEDY. Did he remain on the payroll even after he resigned and formed his own union?

Mr. CAGGIANO. Well, I was told that he had money coming, back pay money coming to him, so that is what I assumed it was.

Mr. KENNEDY. Well, he submitted a letter of resignation, or a letter asking for a leave of absence, on October 18, 1956, and then a letter of resignation on November 30, 1956.

Isn't it correct that he received his salary continuously after October 18, 1956, for some 3 or 4 months?

Mr. CAGGIANO. Well, to my knowledge, as I said, I felt and thought that it was back pay money that he was getting.

Mr. KENNEDY. Did you check and find out?

Mr. CAGGIANO. I didn't check on it; no, sir.

Mr. KENNEDY. Did you look at any of the books?

Mr. CAGGIANO. No, I didn't look at the books, because I never went to that department of the books. I took the bookkeeper's word.

Mr. KENNEDY. Who was the bookkeeper?

Mr. CAGGIANO. The bookkeeper was the girl by the name of Sylvia Goldberg.

Mr. KENNEDY. Did she tell you that or did Mr. Cohen tell you?

Mr. CAGGIANO. Well, I don't recall now.

Mr. KENNEDY. He received \$200 a week for some 4½ months after he submitted his letter asking for a leave of absence, and some 3½ months after he submitted his letter of resignation. Even considering the 3½ months, that is about \$2,500.

Mr. CAGGIANO. Well, he said he had much more money coming to him. I don't know.

Mr. KENNEDY. Did you ever check to find out if he should receive that much?

Mr. CAGGIANO. No. I assumed that was correct.

Mr. KENNEDY. Just the fact that he said so, and you continued to keep him on the payroll without checking it?

You were president of the local at the time.

Mr. CAGGIANO. That is right.

Mr. KENNEDY. You never checked to find out?

Mr. CAGGIANO. Well, I felt they were competent enough to know what was being done, and the accountant I felt knew what he was doing also, so I believed it so.

Mr. KENNEDY. Mr. Chairman, we have examined the books and records.

Could I call a witness on that point?

The CHAIRMAN. Yes.

Mr. KENNEDY. Mr. Cofini.

TESTIMONY OF ROBERT J. COFINI—Resumed

The CHAIRMAN. You have been previously sworn?

Mr. COFINI. Yes; I have.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Up to what date did Mr. Cohen continue to receive his salary?

Mr. COFINI. The last salary payment was on March 15, 1957.

Mr. KENNEDY. Is it correct that he submitted a letter asking for a leave of absence on October 18, 1956?

Mr. COFINI. That is right.

Mr. KENNEDY. And that he submitted a letter of resignation on November 30, 1958?

Mr. COFINI. True.

Mr. KENNEDY. And he actually continued to draw his salary until the time that the union was placed in trusteeship by the Retail Clerks International Association; is that right?

Mr. COFINI. That is right.

Mr. KENNEDY. That was in March of 1957?

Mr. COFINI. March of 1957.

The CHAIRMAN. Do you have the total amount that he drew during that period of time, from the time he went on leave of absence on October 18, up until the 15th of March, 1957?

Mr. COFINI. Yes, sir; I have. \$2,200.

The CHAIRMAN. \$2,200?

Mr. COFINI. That is correct.

The CHAIRMAN. That was drawn after he took the leave of absence, and after he had also resigned?

Mr. COFINI. Yes, sir.

Mr. KENNEDY. That is from November 30, 1956; not from October 18, 1956.

The CHAIRMAN. I asked you the amount from October 18. What is the amount from October 18?

Mr. COFINI. The records we have only show from January 4, 1957, from that time up until March 15, 1957, totaling \$2,200.

The CHAIRMAN. I do not quite understand it. Did he draw pay from October 18, from the time he took his leave? Did he draw pay continuously after that?

Mr. COFINI. Yes, he did. However, the records do not go back that far.

The CHAIRMAN. How do you know, then, if the records do not go back that far?

Mr. COFINI. I just have the figures from January 4, 1957, which was also subsequent to the time he resigned.

The CHAIRMAN. But he did draw from January 4, 1957, to March 15, 1957; is that right?

Mr. COFINI. That is correct.

The CHAIRMAN. That is what your books show?

Mr. COFINI. That is what the books show.

The CHAIRMAN. Do you have any record of whether he drew this salary of \$200 a week between October 18, 1956, and January 4, 1957?

Mr. COFINI. No; I do not have those.

The CHAIRMAN. You have no records of whether he drew it at that time or not?

Mr. COFINI. No, sir.

The CHAIRMAN. Why? Are the records not available?

Mr. COFINI. The records are incomplete; that is right.

The CHAIRMAN. The records are incomplete?

Mr. COFINI. That is right.

The CHAIRMAN. The assumption is, I guess, and it might be indulged, that he probably drew the salary continuously?

Mr. COFINI. That is right.

The CHAIRMAN. While the records are not complete, if he had drawn it continuously from October 18 through January 4 and on until March 15, 1957, what would he have drawn?

Mr. COFINI. Approximately \$3,000.

Mr. KENNEDY. About \$4,500.

The CHAIRMAN. You have \$2,200 here. What was he drawing—\$200 a week?

Mr. COFINI. \$200 a week; that is right. It is about \$4,500; that is right.

The CHAIRMAN. From October 18 until March 15, that would be how many weeks?

Mr. COFINI. About 12 or 13 weeks.

The CHAIRMAN. Twelve or thirteen weeks?

Mr. COFINI. Thirteen weeks.

The CHAIRMAN. How much was he drawing—\$200 a week?

Mr. COFINI. That is right.

The CHAIRMAN. That would be \$2,400.

Mr. KENNEDY. Senator, it is about 10 weeks, so that makes it about \$4,200, or approximately \$4,200 if you take it from October 18, 1956, and if you take it from November 30, 1956, deduct about \$1,200 from that, which brings it down to about \$3,000.

The CHAIRMAN. Well, at least the records show he got \$2,200?

Mr. COFINI. That is correct.

Mr. KENNEDY. Thank you, Mr. Cofini.

Isn't it correct that he continued—after he set up this other union, he continued to control local 433, and that is why he received this money?

TESTIMONY OF JAMES CAGGIANO—Resumed

Mr. CAGGIANO. No.

Mr. KENNEDY. Local union 433 was placed in trusteeship, by the Retail Clerks International Association; is that right?

Mr. CAGGIANO. I didn't get that.

Mr. KENNEDY. Your union was taken over by the Retail Clerks International and placed in trusteeship?

Mr. CAGGIANO. That is right.

Mr. KENNEDY. What did you do then?

Mr. CAGGIANO. Well, to begin with, I didn't know what was taking place. The Retail Clerks International somehow or other—someone put a call into the office and advised Mrs. Sylvia Goldberg that someone is coming up to the office to take all of the records and take the entire office over.

So Mrs. Goldberg took some of the records and she put them in the next door. When I tried to get into the office the following day, I found a new lock on the door so I couldn't get into the office. The international representatives broke into the door and put their own lock and took over the entire thing without notifying us in any way.

Mr. KENNEDY. So you were out?

Mr. CAGGIANO. We were out completely.

Mr. KENNEDY. And they were in the office.

Mr. CAGGIANO. That is right.

Senator CHURCH. That was in 1957; is that right?

Mr. CAGGIANO. That is right.

Senator CHURCH. And the international came in and simply took over the management of the union and imposed a trusteeship at that time?

Mr. CAGGIANO. That is right. That is right; without notifying us in any way.

Senator CHURCH. And having taken over the local headquarters, they put their own locks on the door and made an effort to get hold of the books, and so forth?

Mr. CAGGIANO. That is right.

Senator CHURCH. Were they successful in getting hold of the books?

Mr. CAGGIANO. Well, no; not at that time, because—

Senator CHURCH. You had taken the precaution of putting some of the books in the next room, did I understand you to say?

Mr. CAGGIANO. Yes, some. But we did this: I took their lock off and put my own lock on.

Senator CHURCH. Then what happened?

Mr. CAGGIANO. Well, I called a meeting, an executive board meeting, and I explained to the members what took place, and they voted to call a general meeting. We called the general meeting and we went back to local 465.

Senator CHURCH. In other words——

Mr. CAGGIANO. Independently.

Senator CHURCH. In other words, when the International Retail Clerks was in and established a trusteeship and attempted to take over management of the union, after you got back into possession of the headquarters, you called a meeting and then went out and established an independent union again?

Mr. CAGGIANO. That is right. That is right.

Senator CHURCH. This is the second time you moved out and established an independent?

Mr. CAGGIANO. I was forced to move out. Let's put it that way. I was forced to move out.

Senator CHURCH. By the International Retail Clerks attempting to impose a trusteeship over your local?

Mr. CAGGIANO. That is right. That is correct.

Mr. KENNEDY. Who else was in 433 with you? What other people did you have other than the game people?

Mr. CAGGIANO. We had the radiator repair servicemen.

Mr. KENNEDY. Radiator repair servicemen?

Mr. CAGGIANO. Auto radiator repair servicemen.

Mr. KENNEDY. Are they the ones that showed up at the meeting?

Mr. CAGGIANO. The majority of them, I would say.

Mr. KENNEDY. So it was really the auto radiator repairmen that decided to go independent with you as the head?

Mr. CAGGIANO. Well, we had some of the coin-machine industry. Let me put it this way, please: In our industry, the coin-machine industry, I kept calling the meetings from time to time. There was always a very poor attendance that was made every time we used to call meetings in the coin-machine industry.

It was nothing new to me not to find any of the coin-machine industry. We would send out letters to that effect, about what took place with the Retail Clerks. That is why we have a very poor attendance from the coin-machine industry.

Mr. KENNEDY. Now, after you went independent, then did you take them into another international union?

Mr. CAGGIANO. Yes.

Mr. KENNEDY. What union was it then?

Mr. CAGGIANO. The same union; local 465.

Mr. KENNEDY. Of what? Did you affiliate with an international union?

Mr. CAGGIANO. I applied for a charter with the Confederated Unions of America.

The CHAIRMAN. Let me ask you, when you went out and went independent again, who got the money or the assets of the union, and were you able to keep that along with some of the records?

Mr. CAGGIANO. Yes, we have that.

The CHAIRMAN. In other words, the trustee didn't get your records or your finances?

Mr. CAGGIANO. They did get the records later on. What we did then, the attorney for the union and the attorney for the International of Retail Clerks arranged an opppointment up in the office, in the New York office, to establish a hearing, and Mr. Almond, who was vice president of the International, advised me that he can't do anything until I would permit him or the accountant to go over the books and a full report should be made.

The CHAIRMAN. When you went back independent, after they undertook to take you over into trusteeship, then you went independent again?

Mr. CAGGIANO. Yes, sir.

The CHAIRMAN. What I am trying to determine is this: Were you able to salvage your money?

Mr. CAGGIANO. Yes, sir.

The CHAIRMAN. Whatever you had on hand you kept that?

Mr. CAGGIANO. That is correct; yes, sir.

The CHAIRMAN. That went back into local 465?

Mr. CAGGIANO. That is right.

The CHAIRMAN. So you had the money to operate on, and they didn't get it?

Mr. CAGGIANO. That is right.

The CHAIRMAN. OK.

Mr. KENNEDY. What has happened to the radiator repairmen?

Mr. CAGGIANO. Well, I haven't followed up on it. I have their welfare money yet in the bank.

Mr. KENNEDY. These radiator repairmen, where are they and what has happened to them?

Mr. CAGGIANO. Well, I don't know what happened to them.

Mr. KENNEDY. They came to your meeting, voted to go independent, and what happened to them since then?

Mr. CAGGIANO. Nothing happened to them.

Mr. KENNEDY. Are they still in your union?

Mr. CAGGIANO. Well, I don't know what is to be done with the welfare money, because I am just waiting to see what is going to happen.

The CHAIRMAN. How much is involved? How much welfare money do you have?

Mr. CAGGIANO. Around \$500.

The CHAIRMAN. They have just disappeared, the radiator repairmen?

Mr. CAGGIANO. They didn't disappear; they are still around, but they haven't been organized.

Mr. KENNEDY. So this is the life of a game employee during 4 or 5 years. He went from 254 of the Retail, Wholesale, and Department Store Workers, to 222 of the Jewelry Workers, to 465 of the IUE, United Electrical Workers, to 465 Independent, to 433 of the Retail Clerks, and to 465 Independent, and to 465 Confederated Unions of America.

Mr. CAGGIANO. That is right.

The CHAIRMAN. That is where you are now?

Mr. CAGGIANO. That is right.

The CHAIRMAN. What is the next move? Where are you going next? Do you have any idea?

Mr. CAGGIANO. No. But I would like to establish this, and I would like to go back to the Retail Clerks—

The CHAIRMAN. Is that where you want to go?

Mr. CAGGIANO. No, I don't want to go there, but I would like to stress this point: The Retail Clerks after advising me or Mr. Almond who was vice president of the Retail Clerks advised me to give him a full report on the activity of local 433, and all of the documents. He said to me that he was going to give me or give us a hearing.

The CHAIRMAN. What is that?

Mr. CAGGIANO. A hearing on what took place at the executive board, which was never done. That is why the International, I feel, that International is not living up to their constitution.

Senator CHURCH. Did you say that you wanted to go back to the Retail Clerks?

Mr. CAGGIANO. I wanted to know exactly why.

Senator CHURCH. Why they moved in to take over and established a trusteeship?

Mr. CAGGIANO. They moved in to take over and then they pushed us out of the industry.

The CHAIRMAN. They forced you into their union to begin with, and then they kicked you out and you don't know why they kicked you out?

Mr. CAGGIANO. That is right. We never had a hearing to that effect.

Senator CHURCH. You have been in several international unions in the course of your history here and each time you have had to establish an independent union, and this is the third, or the second or third independent union. Now you are affiliated with another international.

Why is the need to affiliate, since you have such difficulty getting on with these international unions, and why do you need to affiliate? Why don't you just continue independent?

Mr. CAGGIANO. Well, I say this: That the association of game people, the Game Association, wanted to have a union that was affiliated in order for us to conduct business.

Senator CHURCH. In other words, the operators themselves wanted you to have a home with some international union that was recognized as a legitimate union.

Mr. CAGGIANO. Yes, more or less.

Senator CHURCH. And it was really then in their interest and in the interest of the appearance of things that you have an affiliation with one of these international unions.

Mr. CAGGIANO. It was suggested that it would be more recognized by having an international behind a local union.

Senator CHURCH. Having a brand name, so to speak, and more prestige and being affiliated with what was recognized as a legitimate union organization.

Mr. CAGGIANO. That is right. I mean a legitimate international.

Senator CHURCH. It is more respectable.

Mr. CAGGIANO. That is right.

While you are asking me, and that is on the record, I have been with the IBE, and I have been with the IUE, and I have been with the Retail Clerks, and I never got a fair decision made.

The CHAIRMAN. You have not had a fair decision made in any of them?

Mr. CAGGIANO. That is right; that is correct.

The CHAIRMAN. The only time you get justice then is when you are independent?

Mr. CAGGIANO. I didn't get justice then. I was raided.

Mr. KENNEDY. Are they treating you well now, the Confederate Union?

Mr. CAGGIANO. Yes, I say yes; and I think they are more living up to their rules, and it is a fine organization.

Mr. KENNEDY. Is that a rival organization to the AFL-CIO?

Mr. CAGGIANO. You may call it that, because all internationals that don't belong to the AFL-CIO, are rival internationals.

The CHAIRMAN. Is there anything further?

How many members do you say you have now?

Mr. CAGGIANO. I have about 35 right now, paid members.

The CHAIRMAN. About 35 paying members?

Mr. CAGGIANO. Yes, sir.

Mr. KENNEDY. You are in competition now with Mr. DeGrandis of local 266?

Mr. CAGGIANO. Yes; that is right.

Mr. KENNEDY. The people have a choice between your union and Mr. DeGrandis'?

Mr. CAGGIANO. They will.

Mr. KENNEDY. You are going to go after them now?

Mr. CAGGIANO. That is right.

The CHAIRMAN. All right. Thank you very much.

Mr. KENNEDY. Mr. Abraham Gilbert.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GILBERT. I do.

TESTIMONY OF ABRAHAM GILBERT

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GILBERT. Abraham Gilbert, residing at 1697 Andrews Avenue, New York City. Occupation is taxi driver.

The CHAIRMAN. Thank you very much. Do you waive counsel, do you?

Mr. GILBERT. Yes; I do.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Prior to 1952, Mr. Gilbert, you operated a game repair shop on 10th Avenue, New York City; is that right?

Mr. GILBERT. That is right.

Mr. KENNEDY. And you knew many of the people in the game and jukebox business?

Mr. GILBERT. Almost everybody.

Mr. KENNEDY. In December of 1952, you were doing some renovating work in the office of local 465?

Mr. GILBERT. That is right.

Mr. KENNEDY. At that time was 465 in the IBEW, or I think it was in the IUREM?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. While you were doing the renovating work, one of the officers or organizers of the local, Joseph Hirsch, resigned?

Mr. GILBERT. That is right.

Mr. KENNEDY. And whereupon the union president, Mr. Caggiano, offered you the position of office manager.

Mr. GILBERT. That is right.

Mr. KENNEDY. So you stopped being the repairman and the renovator in the office and became the office manager of the local union?

Mr. GILBERT. That is right.

Mr. KENNEDY. And you accepted the position?

Mr. GILBERT. I did.

Mr. KENNEDY. Then did you hold any other position other than office manager?

Mr. GILBERT. I was the vice president of the union.

Mr. KENNEDY. You were vice president also?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. You were elected to that position?

Mr. GILBERT. I was elected.

Mr. KENNEDY. Did you hold any other position?

Mr. GILBERT. That is all.

Mr. KENNEDY. Well, the records show that you were elected on July 1, 1953, as financial secretary, did you know that?

Mr. GILBERT. I may have been, and I don't remember.

Mr. KENNEDY. Did you know up to this moment that you had been secretary, financial secretary, of the union?

Mr. GILBERT. I didn't, no.

Mr. KENNEDY. Did you ever sign any checks?

Mr. GILBERT. No, I didn't.

Mr. KENNEDY. Did you ever see any of the money?

Mr. GILBERT. Well, I collected the money.

Mr. KENNEDY. I mean did you ever examine the books or handle the money for the union?

Mr. GILBERT. Well, I had charge of the complete office and I handled all of the incoming money.

Mr. KENNEDY. Did you sign the checks?

Mr. GILBERT. No, I didn't.

Mr. KENNEDY. Do you know where the money was kept?

Mr. GILBERT. In the Clinton Trust, I believe.

Mr. KENNEDY. Who signed the checks on that?

Mr. GILBERT. I think there were two names, Caggiano and the treasurer, George Kolibash.

Mr. KENNEDY. According to the records you were financial secretary.

Mr. GILBERT. He was the treasurer.

The CHAIRMAN. What were the duties of the financial secretary? What was the financial secretary supposed to do?

Mr. GILBERT. Keep the books, and the collection of the dues.

The CHAIRMAN. Did you keep the books?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. And collected the dues?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. What did you think Mr. Kolibash was?

Mr. GILBERT. I think that he was treasurer.

Mr. KENNEDY. He was recording secretary.

Mr. GILBERT. All right. I am sorry.

Mr. KENNEDY. While you were with the union, you received \$75 a week?

Mr. GILBERT. That is right.

Mr. KENNEDY. Salary. And \$25 expenses; is that right?

Mr. GILBERT. That is right.

Mr. KENNEDY. And you remained with the union until June of 1955?

Mr. GILBERT. That is right.

Mr. KENNEDY. When the local was merged with 433?

Mr. GILBERT. That is right.

Mr. KENNEDY. At that time you told Mr. Caggiano there wasn't enough money to pay your salary, and so you were out?

Mr. GILBERT. That is right.

Mr. KENNEDY. If any company became a member of the game association, it was necessary for the employees of that company to belong to local 465?

Mr. GILBERT. That is right.

Mr. KENNEDY. And AAMONY, the game association, provided the union with a list of the locations of the association members, is that right, lists of the locations?

Mr. GILBERT. Only when they had trouble.

Mr. KENNEDY. When they had trouble, what was the procedure that you would follow then?

Mr. GILBERT. They would send us a note that one of their locations was being breached, and that we should send a picket there.

Mr. KENNEDY. And would you then send the picket around?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. Where would you get the picket?

Mr. GILBERT. We had one steady picket and from time to time we would hire somebody off the street.

Mr. KENNEDY. What kind of a picket was this man that you had steady?

Mr. GILBERT. A lovely man.

Mr. KENNEDY. How did you happen to select him?

Mr. GILBERT. He needed the job and we needed him.

The CHAIRMAN. How much did you pay him?

Mr. GILBERT. The minimum rate of \$1 an hour.

The CHAIRMAN. You didn't go over the minimum?

Mr. GILBERT. Never. We needed the money ourselves.

Mr. KENNEDY. They would call up from the association and tell you where the picket line should be?

Mr. GILBERT. They would furnish a list, and we would decide where to send the picket.

Mr. KENNEDY. Were they very formal when they would call?

Mr. GILBERT. They had to be.

Mr. KENNEDY. They had to be?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. Why was that?

Mr. GILBERT. Well, they were asking for something.

Mr. KENNEDY. What sort of thing would they say?

Mr. GILBERT. Well, they would tell us that one of their members' mechanics had just lost a part of his income because the location was beached and, worrying about our mechanics, we would send the picket over to the location.

Senator CHURCH. Did the mechanic ever call himself?

Mr. GILBERT. Oh, we insisted on that.

Senator CHURCH. But the original contact was made by the operator.

Mr. GILBERT. Yes; that was to expedite and save time, you know.

Mr. KENNEDY. Then would you make up a little slip showing what needed to be done?

Mr. GILBERT. Exactly.

The CHAIRMAN. I hand you here three handwritten slips, one marked No. 1, and the other marked No. 2, in red, and in order for identification, and I will mark the third one No. 3 in red.

They say the red has some significance.

Mr. GILBERT. Just make it easy for yourself, Senator.

The CHAIRMAN. No. 3 in blue then, and I will hand them to you and I will ask you to examine them and state if you identify them.

(Documents handed to the witness.)

The CHAIRMAN. You have examined them?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. What are they?

Mr. GILBERT. These are complaint slips, and the numbers on them indicate the number of their importance.

The CHAIRMAN. Who made out those memorandums?

Mr. GILBERT. I did.

The CHAIRMAN. They are in your handwriting?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. They were made out by you in the course of your duties as an officer of that union?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. They may be made exhibits Nos. 16A, 16B, and 16C. (Documents referred to marked "Exhibits 16A, 16B, and 16C" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Let us just go through one of those slips. I would like to ask you about the procedure followed. On some of those slips you have a figure of "1" in red.

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. What would that indicate?

Mr. GILBERT. To give it immediate attention, if possible.

Mr. KENNEDY. Some people that got priority; is that right?

Mr. GILBERT. Well, it was a question of giving service to a fellow that had a slip there the longest, because we didn't give service the very same day.

Mr. KENNEDY. So if the "1" was in red, he got some priority; is that correct?

Mr. GILBERT. That is right. All slips in No. 1 were given priority over all that were marked No. 2.

Mr. KENNEDY. You have a slip there that shows "Operator" and it has "Old Reliable Location"; is that right?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. Then you give the address?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. Then it says the location is breached by "Tony or Gus".

Mr. GILBERT. That is right.

Mr. KENNEDY. And it has the date of August 5.

Mr. GILBERT. That is right.

Mr. KENNEDY. It says—

Letter sent September 9, 1953, pickets sent September 14, 1953, and then—

Owner called and is going to move Tony and Gus from his premises.

That was successful, then?

Mr. GILBERT. Sure.

Mr. KENNEDY (reading):

September 16, Joe Madden is going to location to see if he can get back service. Then—

Spoke to Bill Bartender, who told boss to remove present machine and put back Joe Madden.

So that was successful?

Mr. GILBERT. That is right.

Mr. KENNEDY. Let's take another one. This is another slip that concerns the Progressive Amusement Machine Co., Inc., operated by A. Middleburg. This slip contains figure No. 2 in red.

Mr. GILBERT. Yes.

Mr. KENNEDY. That indicates a lesser priority.

Mr. GILBERT. That is right.

May I explain something? No. 1 might take about a week or so to get to the text No. 1, but when we had very little work you could follow No. 2 and if that was successful, another No. 2 may go in 1 day. So there is actually no way of gaging the time between these.

Senator CHURCH. Let me ask this: What was the basis of your assessment of priority? Why were some given priority treatment and others given secondary treatment?

Mr. GILBERT. Because of the length of time that we had the complaint on file.

Mr. KENNEDY. This slip concerning Progressive Amusement Co. would seem to indicate that after the union picketed and the original operator became satisfied, then the operator would remove his complaint in the case and the union would be relieved of the obligation of picket; is that right?

Mr. GILBERT. That is right.

Mr. KENNEDY. Once you put the picket in, and the association member then became satisfied, he made some arrangement with the man who jumped his location; once that had been done, the picket was removed; is that right?

Mr. GILBERT. Well, if it proved that there was a union serviceman on the machine that was in there.

Mr. KENNEDY. It was just ordinarily a question of the association member being satisfied; was it not? You didn't send somebody out yourself. If the association member was satisfied, that was satisfactory?

Mr. GILBERT. That was satisfactory.

Mr. KENNEDY. You didn't follow up to find out who was going to be servicing those machines from then on?

Mr. GILBERT. We did.

Mr. KENNEDY. Always?

Mr. GILBERT. Yes, sir.

Mr. KENNEDY. Every time?

Mr. GILBERT. Yes, sir. When we settled a claim, it had to be a union service machine in the location.

Mr. KENNEDY. We have here another slip of paper that I would like to ask you about.

I might say, Mr. Chairman, that on those slips we have a total—and I don't know if we have them all—a total of 231 of those slips.

You were quite busy providing the picket; were you not?

Mr. GILBERT. Our picket worked every day.

The CHAIRMAN. The Chair hands you three more slips. Just for purpose of identification, I will mark on those in blue, "4," "5," and "6."

Mr. GILBERT. All right. I am getting used to that color.

The CHAIRMAN. You may examine them and state if you identify them.

(The documents were handed to the witness.)

The CHAIRMAN. Do you recognize those slips?

Mr. GILBERT. Yes, sir. I wrote them.

The CHAIRMAN. You wrote them?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. What are they?

Mr. GILBERT. They are requests from the association as to the disposition of the cases mentioned here.

The CHAIRMAN. Those three may be made exhibits Nos. 16-D, 16-E, and 16-F.

(Documents referred to were marked "Exhibits 16-D, 16-E, and 16-F" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. This last slip states at the top, "Association asked about these cases," and then you list the various cases.

Mr. GILBERT. That is right.

Mr. KENNEDY. That was where the association called to find out if the picket had been placed and how successful you had been?

Mr. GILBERT. That is right.

Mr. KENNEDY. The union existed, did it not, with the help and assistance of the association?

Mr. GILBERT. It did.

Mr. KENNEDY. It didn't exist for the employees?

Mr. GILBERT. Well, the employees didn't need a union. They made very good wages.

Mr. KENNEDY. So the group that needed the union was the association member, the operator?

Mr. GILBERT. That is right.

Mr. KENNEDY. Just going back to this picket once again, he was a rather elderly man, was he?

Mr. GILBERT. That is right.

Mr. KENNEDY. Why did you get an elderly man?

Mr. GILBERT. Well, I got an elderly man because I knew that there would be no violence, he wouldn't look like the type that would attack anybody, and most every time that I sent him to a location I would call the local precinct and tell them that I am placing a picket at such-and-such a bar, one man picketing peacefully.

Mr. KENNEDY. You made a statement to us, I believe, earlier about an association, the relationship between an association and a picket, did you not?

Mr. GILBERT. Would you refresh me on it?

Mr. KENNEDY. Well, a statement to the effect of what good is an association without a picket.

Mr. GILBERT. I don't recall making that statement.

Mr. KENNEDY. Well, is that correct? Would you say that that generally follows this arrangement?

Mr. GILBERT. I don't see how an association can exist without having a picket, the force of a picket. Of course, that is only my opinion.

Mr. KENNEDY. But that summarizes your point of view in what good is an association without a picket?

Mr. GILBERT. That is right.

The CHAIRMAN. You would say you are experienced?

Mr. GILBERT. I certainly am.

The CHAIRMAN. That fortifies your opinion somewhat?

Mr. GILBERT. Well, I wish I had the knowledge to understand that.

Senator CHURCH. That picket was quite a necessary instrument of the association, was he not?

Mr. GILBERT. Well, it was a byproduct. It turned out to be very useful to them.

Senator CHURCH. Very useful to the association?

Mr. GILBERT. Sure.

Mr. KENNEDY. Did you ever find that the picket you sent out picketed the wrong place? Did that happen?

Mr. GILBERT. I don't think that ever happened.

Mr. KENNEDY. Did you have any association member ever telephone you and tell you that the picket wasn't located exactly in the the right place?

Mr. GILBERT. Do you mean his position? Do you mean if he rested, if he wasn't in front of the place when he should be there?

Mr. KENNEDY. Yes.

Mr. GILBERT. Well, that has happened on numerous times. The operator would ride by a location of his that was being picketed and find that the picket was not on duty. He would immediately call the union. I would try to get in touch with the picket to find out why he wasn't working. But being an old man, I allowed him coffee breaks.

Mr. KENNEDY. At one time you placed a picket line at a particular location which later proved to be owned by Frank Breheney; is that right?

Mr. GILBERT. That is right.

Mr. KENNEDY. B-r-e-h-e-n-e-y. We had some testimony on him yesterday. That was the LaSalle Music Co. He is a man with some underworld connections?

Mr. GILBERT. I wouldn't know.

Mr. KENNEDY. Well, did you understand subsequently that he had some underworld connections?

Mr. GILBERT. I personally don't think so.

Mr. KENNEDY. When you put the picket line in front of the location, did he get angry?

Mr. GILBERT. He did.

Mr. KENNEDY. Did he come to the office and threaten you and Mr. Caggiano?

Mr. GILBERT. He threatened me.

Mr. KENNEDY. Mr. Caggiano was there?

Mr. GILBERT. Yes.

Mr. KENNEDY. And Mr. Caggiano said nothing? I mean, he didn't take any position on it; is that right?

Mr. GILBERT. Well, he told him that he was mistaken.

Mr. KENNEDY. So the picket was removed?

Mr. GILBERT. The picket was removed.

Mr. KENNEDY. Mr. Breheney was nonunion at the time?

Mr. GILBERT. That is right.

Mr. KENNEDY. And the picket line was removed?

Mr. GILBERT. That is right.

Mr. KENNEDY. What was the reason for it?

Mr. GILBERT. Well, he took the picket away from the place and brought him back to the union.

Mr. KENNEDY. Why, if he was nonunion? Because Mr. Breheney got so angry?

Mr. GILBERT. I imagine so, and when he took the picket away, the picket got scared and quit and I had no one else to send.

Mr. KENNEDY. Breheney was an associate of Dutch Schultz at one time?

Mr. GILBERT. I wouldn't know about that.

Mr. KENNEDY. Did many people come to your union meetings?

Mr. GILBERT. Not too many.

Mr. KENNEDY. Mostly just the officers?

Mr. GILBERT. The officers and some members that were union-minded.

Mr. KENNEDY. More than two or three?

Mr. GILBERT. Well, sometimes 2 or 3, and sometimes 20.

Mr. KENNEDY. Was the union ever in need of money for operating purposes?

Mr. GILBERT. At the end of each month we were always in need of money to pay the salaries.

Mr. KENNEDY. Where did you get the money?

Mr. GILBERT. Well, Mr. Caggiano would borrow it somewhere.

Mr. KENNEDY. Did he borrow money from the operators?

Mr. GILBERT. Yes.

Mr. KENNEDY. The operators would advance the money?

Mr. GILBERT. Advance the money on future labels.

Mr. KENNEDY. For the operations of the union?

Mr. GILBERT. That is right.

Mr. KENNEDY. Thank you.

Mr. GILBERT. Thank you.

The CHAIRMAN. Are there any further questions?

Senator CHURCH. I have just one or two, Mr. Chairman.

Did you ever have any dealings directly with the employees, that is to say, did you ever go to them directly and attempt to get them to become members of the union? Employees of the operators, I mean.

Mr. GILBERT. Employees? Of course. I knew every one of them and I always talked union to them.

Senator CHURCH. Did you ever undertake to do any bargaining for them or on their behalf with the operators concerning wages or hours?

Mr. GILBERT. That wasn't my concern.

Senator CHURCH. That wasn't your concern?

Mr. GILBERT. No. I was just a clerk in the office.

Senator CHURCH. To your knowledge, did the president of local 433 or 465 ever—

Mr. GILBERT. I wasn't in 433.

Senator CHURCH. You were in 465?

Mr. GILBERT. 465.

Senator CHURCH. Did the president of local 465, to your knowledge, ever have any negotiations concerning wages, hours, or working conditions with the operators?

Mr. GILBERT. Yes. We had a contract drawn up.

Senator CHURCH. Between the union and the operators?

Mr. GILBERT. And the operators.

Senator CHURCH. You never had any difficulties, though, between the employees and the operators, did you; that is, no strikes or anything?

Mr. GILBERT. We never had any trouble; no.

Senator CHURCH. As a matter of fact, would you say that these workers, as far as wages and hours are concerned, were not in need of a union?

Mr. GILBERT. No. They were well paid.

Senator CHURCH. It was just the operators who were in need of a union?

Mr. GILBERT. That is right.

Senator CHURCH. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you very much.

Mr. GILBERT. Thank you, sir.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, now we are going to call a person who actively worked at this trade, an employee. I would like to call Mr. George Kolibash.

The CHAIRMAN. Mr. Kolibash, come forward.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KOLIBASH. I do.

TESTIMONY OF GEORGE KOLIBASH

The CHAIRMAN. What is your name?

Mr. KOLIBASH. George Kolibash, 441 West 50th Street. I am a self-employed mechanic.

The CHAIRMAN. You are a self-employed mechanic?

Mr. KOLIBASH. Yes.

The CHAIRMAN. You waive counsel, do you, Mr. Kolibash?

Mr. KOLIBASH. Yes.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. You are a free-lance mechanic; is that right?

Mr. KOLIBASH. Free-lance mechanic.

Mr. KENNEDY. You are engaged in a partnership at the present time with another man?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. And you serve about 10 operators?

Mr. KOLIBASH. About 10 operators.

Mr. KENNEDY. And service approximately 120 machines?

Mr. KOLIBASH. About 120 or 130 machines.

Mr. KENNEDY. You are paid at the rate of \$2 per machine?

Mr. KOLIBASH. Yes, sir.

Mr. KENNEDY. And you pay your own expenses, except the cost of parts?

Mr. KOLIBASH. Yes, sir.

Mr. KENNEDY. That is \$2 per machine per week; is that right?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. So that is some \$240 for the two of you?

Mr. KOLIBASH. Well, we also answer spot calls where we make a few bucks more every week.

Mr. KENNEDY. How many hours do you work?

Mr. KOLIBASH. I would say the average is between 10 and 12 hours a day.

Mr. KENNEDY. How many days a week?

Mr. KOLIBASH. Six days a week.

Mr. KENNEDY. Do you have any vacations?

Mr. KOLIBASH. No. I have had one in the last year for the first time in 7 years.

Mr. KENNEDY. The first time in 7 years?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. That is, since you have been working at this?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. Otherwise you have worked a 6-day week?

Mr. KOLIBASH. A 6-day week.

Mr. KENNEDY. At least 10 hours a day?

Mr. KOLIBASH. Ten hours a day.

Mr. KENNEDY. In view of that, you were anxious to have a union; is that right?

Mr. KOLIBASH. That is true.

Mr. KENNEDY. And to try to improve the wages, hours, and conditions of the employees?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. And as far as the freelance mechanics, they were the ones that needed the help and assistance; is that right?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. The self-employed people, of course, would take care of themselves, but the freelance mechanics are the ones that have to work the hours and conditions that you do?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. You have to be available all the time; is that right?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. You have been in this game machine field for about 23 years?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. Prior to 1951 you worked for a number of different operators?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. In June 1951, you and a group of self-employed mechanics joined Cagiano's local 465?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. For the reason that you have described, that you wanted to improve the working conditions?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. And you were subsequently elected recording secretary of local 465?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. Have few members attended the meetings?

Mr. KOLIBASH. Very few.

Mr. KENNEDY. And ordinarily it was just the union officers that were present?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. Very seldom did any members actually come? There were between 150 and 200 members in the union?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. And 15 to 20 were self-employed, freelance mechanics?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. And the remaining were actually operators; is that right?

Mr. KOLIBASH. They were either operators or employed mechanics.

Mr. KENNEDY. But the union was dominated by operators themselves?

Mr. KOLIBASH. That is right. That is, in numbers.

Mr. KENNEDY. What benefit did the operators receive from the union?

Mr. KOLIBASH. Well, their main benefits was the picket.

Mr. KENNEDY. The picket?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. The union would provide the picket for them?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. You would agree with the previous witness when you have an association that you have to have a picket?

Mr. KOLIBASH. That is true.

Mr. KENNEDY. That is, to have it successful?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. So local 465 would provide the picket for the member of the association?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. The owner-operators in the union were required to pay not only the dues but they were required to pay the label fees?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. And the label fees were what financed the picket?

Mr. KOLIBASH. I didn't hear you.

Mr. KENNEDY. The label fees were what financed the picket?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. I have the minute book here of local 465, which states that—

The new contract between our local 465 and the association read, discussed and accepted by our membership. Motion made to accept new contract and ratify same.

That is November 3, 1954.

The CHAIRMAN. Did you keep the minutes of that meeting?

Mr. KOLIBASH. I kept the minutes.

The CHAIRMAN. I present to you what purports to be the original minute book of your local. I will ask you to examine it at page 20 and 21, and state if those are the original minutes of your meeting, and if you recorded those minutes.

(The document was handed to the witness.)

Mr. KOLIBASH. These are the original minutes and I recorded them.

Mr. KENNEDY. The only point there is that the new contract of November 3, 1954, between 465 and the association was read at that time and agreed to.

Mr. KOLIBASH. Yes, sir.

Mr. KENNEDY. I notice on page 21, some 2 weeks later, a special meeting was called on November 17, 1954, and the meeting was called by you as recording secretary.

The reason was to correct or alleviate some or all of the poor working conditions of the servicemen and mechanics "in our industry." Then you proceed to enumerate them.

No. 1, the workday is too long, 10, 12, or 14 hours a day.

No. 2, the workweek is too long, usually 7 days per week.

No. 3, the standard rate of service charged per week per game is too low. There is too much chiseling going on.

No. 4, taking abuse from location owners.

No. 5, being expected to make collection, delivery, prices, cleaning machines.

No. 6, repairing brandnew equipment with no compensation from sellers.

No. 7, repairing newly converted equipment with no compensation.

No. 9, get paid vacations, paid holidays.

No. 10, being allowed to get sick with no fear of losing work.

You have a total of 16 complaints. Why hadn't that been all included in the contract that you had agreed to a week before?

Mr. KOLIBASH. Well, after that contract was read, I realized that that contract wasn't meant for my group.

Mr. KENNEDY. It didn't help you people at all?

Mr. KOLIBASH. No, that only benefited the employed mechanics.

Mr. KENNEDY. Who were the employers?

Mr. KOLIBASH. The hourly paid people.

Mr. KENNEDY. The self-employed people?

Mr. KOLIBASH. No. The hourly paid people.

Mr. KENNEDY. The people who were hourly and self-employed?

Mr. KOLIBASH. Well, I am self-employed.

Mr. KENNEDY. I mean the owner-operators?

Mr. KOLIBASH. That is right. They got the benefit of that contract.

The CHAIRMAN. Did you have this meeting in which you listed all of these grievances or matters that you thought should receive attention?

Mr. KOLIBASH. Then I called this meeting.

The CHAIRMAN. What happened? Did you get any of these things corrected?

Mr. KOLIBASH. None of them.

The CHAIRMAN. As far as you know, do they still persist in the industry?

Mr. KOLIBASH. They still exist.

The CHAIRMAN. Sir?

Mr. KOLIBASH. They still exist.

The CHAIRMAN. None of them have been corrected?

Mr. KOLIBASH. None of them.

The CHAIRMAN. Have you found any of these labor organizations in this particular field, in this amusement and vending music field, that look out after the interest of the men who actually do the work?

Mr. KOLIBASH. Well, to date they haven't helped me in 23 years.

The CHAIRMAN. In your 23 years of experience, you would say they haven't helped you any up to now?

Mr. KOLIBASH. Up to now; no.

The CHAIRMAN. You have to pay dues, do you?

Mr. KOLIBASH. At one time I had dues, and as an officer they finally gave me a break and said I wouldn't have to pay them any more.

The CHAIRMAN. For a long time you paid dues?

Mr. KOLIBASH. I paid dues.

The CHAIRMAN. How long since you have paid dues?

Mr. KOLIBASH. Well, I don't belong to the union right now.

The CHAIRMAN. You don't belong to it?

Mr. KOLIBASH. No.

The CHAIRMAN. All right.

Senator CHURCH. In other words, you not only have listed 16 different grievances, but you would be in disagreement with the last witness in that the employees involved in this industry are, in fact, in need of a union that would represent their interest, and the wages and working conditions are in need of real improvement?

Mr. KOLIBASH. They certainly are.

Senator CHURCH. But in 23 years of your experience, the unions with which you have had any dealings haven't furnished any real representation for these employees at all?

Mr. KOLIBASH. No, they haven't.

Senator CHURCH. Would it be too much to say that they are instrumentalities of the association members operating in the interest of the association and just masquerading as legitimate unions?

Mr. KOLIBASH. Well, I think here and there attempts have been made to try to improve it, but every time——

Senator CHURCH. But these attempts have not been successful?

Mr. KOLIBASH. Every time the attempts are made, they drop.

Mr. KENNEDY. I think we differentiate between the employees of the operators. The contract would cover the employees of the operators, would it not?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. And I believe maybe the previous witness had that in mind when he said they don't need a union.

Mr. KOLIBASH. They are well paid.

Mr. KENNEDY. They are well paid anyway?

Mr. KOLIBASH. That is right. They are on a 5-day week. They get their vacations. If they are sick, I assume they still get paid.

Mr. KENNEDY. So the contract would appear to help or assist them, but they get paid far more than the contract provides anyway?

Mr. KOLIBASH. Yes. They are paid over the scale.

Mr. KENNEDY. I believe that is what they had in mind, that the only group that is not covered or the group that needs the union is the freelance mechanics and they are the only ones that are not covered.

Mr. KOLIBASH. That is right.

Mr. KENNEDY. They are the ones that receive no benefit. Still, at this present time, you work some 60 hours a week at least, from 60 to 70 hours a week?

Mr. KOLIBASH. That is right.

Mr. KENNEDY. You were financial secretary of local 433?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. No; recording secretary of local 433. You were recording secretary?

Mr. KOLIBASH. Recording secretary of 465.

Mr. KENNEDY. That was after 465 merged with 433; is that right?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. Then after that happened, you became financial secretary of 433?

Mr. KOLIBASH. I was appointed to the position.

Mr. KENNEDY. Did you ever examine the books?

Mr. KOLIBASH. No, I didn't.

Mr. KENNEDY. Who was in charge of all the books and records?

Mr. KOLIBASH. Well, the books were in the office, out in Flushing, and working in Manhattan and the Bronx, I very, very seldom get out there, so I never saw any books.

Mr. KENNEDY. Were you supposed to sign the checks?

Mr. KOLIBASH. Yes, sir.

Mr. KENNEDY. Did you sign all the checks?

Mr. KOLIBASH. Yes.

Mr. KENNEDY. In blank?

Mr. KOLIBASH. In blank.

Mr. KENNEDY. Do you know what happened to the money?

Mr. KOLIBASH. Well, my signature and James Caggiano's signature were required on each check.

Mr. KENNEDY. Do you know what happened after you signed the checks in blank?

Mr. KOLIBASH. I assumed all the checks were meant for union expenses, salaries.

Mr. KENNEDY. Do you know?

Mr. KOLIBASH. No, I don't.

Mr. KENNEDY. You never knew how the money was being used?

Mr. KOLIBASH. No.

Mr. KENNEDY. Who appointed you treasurer of the union?

Mr. KOLIBASH. James Caggiano.

Mr. KENNEDY. How much money did you receive as pay?

Mr. KOLIBASH. No pay.

Mr. KENNEDY. Nothing?

Mr. KOLIBASH. Nothing.

Mr. KENNEDY. You did not know that Mr. Cohen was receiving weekly payments after he severed his connection with local 433?

Mr. KOLIBASH. No; I didn't know that.

Mr. KENNEDY. You left the union. When did you leave the union?

Mr. KOLIBASH. Well, I assumed our union had been knocked out of the box, but after listening to Jimmy, I understand the union is still in existence, but I am not an active member of it.

Mr. KENNEDY. Are you going back into it?

Mr. KOLIBASH. No. I belong to an association now of self-employed servicemen.

Mr. KENNEDY. You are going to form your own association?

Mr. KOLIBASH. We already have it formed.

Mr. KENNEDY. An association to protect yourselves?

Mr. KOLIBASH. That is right; our own group.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Vladeck.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VLADECK. I do.

TESTIMONY OF STEPHEN C. VLADECK

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. VLADECK. My name is Stephen C. Vladeck. I reside at 37 Riverside Drive, New York City. My office address is 280 Broadway, New York City. I am regional counsel to the Retail Clerks International Association.

The CHAIRMAN. You waive counsel, do you?

Mr. VLADECK. Yes, I do.

Mr. KENNEDY. Mr. Vladeck, how long have you been with the Retail Clerks?

Mr. VLADECK. I was brought into the Retail Clerks in March of 1957.

Mr. KENNEDY. What were you doing prior to that?

Mr. VLADECK. I have been an attorney in the practice of law in the city of New York, representing labor organizations and engaged in the general practice of law.

Mr. KENNEDY. In March or so of 1957, did the International Union go into New York and take over certain local unions of the Retail Clerks?

Mr. VLADECK. Yes, it did; and it was in connection with that that my firm was retained as counsel for the trustee and for the International.

Mr. KENNEDY. One of the primary situations with which you had to deal concerned a vice president of the Retail Clerks, a man by the name of Paul Lafayette; is that correct?

Mr. VLADECK. That is correct.

Mr. KENNEDY. He has already featured to some extent in the hearings that have been held by this committee over the period of the last couple of years.

You also went in and took over some locals that were operating in the field of coin-operating machines?

Mr. VLADECK. Yes. There were—at least so far as the records were concerned—three local unions which had been chartered during the period of Mr. Lafayette's tenure as vice president, between September of 1952 and the imposition of International trusteeship in March of 1957. They were locals 1690, 433, and a local called Amusement and Concessionaires Local 413.

Mr. KENNEDY. Would you tell us what the situation was as far as local 433 and local 1690 was concerned, and then I would like you to move into the situation as far as Mr. DeGrandis is concerned.

Mr. VLADECK. With regard to local 433, our International representatives went to the office of local 433, located on Northern Boulevard, in Flushing, found no one of authority in the office, found no books or records in the office. All there was was a petty cash box. They left a notice of the trusteeship, signed by President Sufridge; changed the locks; and sent by registered mail to the last address which we had a copy of the notice of trusteeship imposed by the International president.

We heard nothing from any of the so-called representatives of 433 for a period of several weeks.

We later discovered that two of them were operating out of a store front in the West Forties, under the heading of local 531, and also under the title of local 465. They were Alexander Cohen and James Caggiano.

We felt at that time, and still feel, that their lack of responsiveness to the International's imposition of trust, the absence of books and records; the fact that it took us weeks to uncover who and where their membership was, and some additional facts that I would like to go into in a moment, warranted the International's action in suspending them from office and revoking the charter of local 433.

The situation with regard to 1690 was quite different. Local 1690's officers immediately came in. They had presented us with their books and records, which were turned over to the district attorney of New York County, who has checked them and found no violations of law. We found that they had membership lists. We found that they had a collective-bargaining agreement. And we found that they were willing to cooperate with us in the administration and correction of their affairs. We had many conversations with the officers of that local and with the officers of the Music Operators Association of New York, with whom they had an agreement.

After considerable soul searching, quite frankly, it was determined that that charter would not be revoked, that we would continue that local under International supervision, with the clear-cut understanding that the local was to function as a labor organization; was to negotiate with regard to wages, hours, and other conditions; that the local would not in any way act as enforcer by reason of loss of locations or obtaining locations for members of the association, and that if this was the kind of union which the industry was willing to accept, this was the only kind of union which we were willing to permit to continue under our charter.

With regard to Mr. DeGrandis, he at the time was an officer of local 413. The local, as I indicated, had jurisdiction over amusement and concessionary employees. In fact, it had less than 100 members, all of whom were employed in a hospital in Staten Island.

Our representatives found in his office no membership lists; no books; no records; no indication at all of the existence of a union. They found two items, a gun and a billy. Mr. DeGrandis was forthwith expelled from the Retail Clerks and his charter was lifted.

Mr. KENNEDY. That, of course, is of extreme importance because he became and is now the dominant figure in New York.

When you went in to find out how he was meeting his responsibilities as a union official, you found no books of records, no membership lists of any kind?

Mr. VLADECK. None.

Mr. KENNEDY. There were only two items in the office. One was a gun and the other was a billy?

Mr. VLADECK. That is correct.

Mr. KENNEDY. This was what date?

Mr. VLADECK. This was March of 1957.

Mr. KENNEDY. March of 1957.

The CHAIRMAN. Is this the man that was testified about here this morning, that is undertaking to organize and monopolize the whole area?

Mr. VLADECK. He is connected with local 266 which Mr. Kasper said was the local attempting to monopolize this industry.

The CHAIRMAN. It is now undertaking or did start a program to take over the whole industry?

Mr. VLADECK. That is correct, Senator.

The CHAIRMAN. Organize the whole industry and have a monopoly?

Mr. VLADECK. That is right.

Mr. KENNEDY. Where you had a proper Teamster Union, local 202, which had been active in the field. Then you have the situation where Mr. DeGrandis is thrown out of the Retail Clerks, and they found these two items in the office. He then gets a charter from the Teamsters and becomes active in that field. The Joint Council under John O'Rourke takes jurisdiction away from the good Teamsters Union and turns it over to this twice-convicted felon, and he takes over the union and is trying to gain control and domination over the whole of New York City.

Mr. VLADECK. I think there is some additional history that should be of interest to the committee. We have found, as I indicated to your investigators, I frequently must state in admiration of my own clients, the courage they have shown in fighting in this industry since March 1957 for the continuation of one clean local, immediately after the international placed these locals under trusteeship, local 1690, in conjunction with the Music Operators, brought an action in the New York courts to enjoin local 531, which was a local then in the control of Alex Cohen, Al Cohen, who had been secretary-treasurer of local 433 of the Retail Clerks, a charter which we suspended.

We were successful in obtaining from Judge Coleman in New York an order which, in effect, wiped 531 out.

Immediately another local came into existence, another letterhead union, local 19.

The Music Operators proceeded against them in a similar action which, unfortunately, we couldn't afford to join in, but for which we provided information and witnesses, and that local, too, was enjoined from its activity. Subsequently, local 202 showed an interest in this field, and we were frankly surprised because we felt that local 202's interest was a legitimate one, at least we hoped it was——

Mr. KENNEDY. That is Teamsters?

Mr. VLADECK. That is Teamsters, but that is a local which was under the direction of Tom Hickey.

We were very shortly advised that it wasn't 202, but it was going to be 266 that we were going to be faced with by way of competition for the organization of people in this industry.

We have since that time attempted to organize in the industry. We have attempted to protect our contracts. We have run into some serious difficulties by reason of the existence of local 266. We are currently, for example, under injunction, issued by the supreme court in Kings County, because we picketed a location and the employer came forward after we were picketing that location—a nonunion location—and alleged that he had an agreement with local 266. We stated before the court many of the facts which are being testified to here before this committee with regard to 266 and Mr. DeGrandis. Nonetheless we are currently under temporary restraint and cannot engage in any activity to protect a contract and to protect a place of employment for our members.

Senator CHURCH. Mr. Vladeck, at this point let me review this picture so I am sure I have it right.

To begin with, there were three locals that were affiliated with the Retail Clerks; is that correct? One was 1690, one was 433, and one was headed up by Mr. DeGrandis. What was the number of that?

Mr. VLADECK. 413.

Senator CHURCH. 413?

Mr. VLADECK. That is correct.

Senator CHURCH. As I understand it, the international was concerned because of reports coming to it that none of these three unions were living up to the standards imposed by the international, or were in fact legitimate unions operating to protect the employees that were their members.

Mr. VLADECK. That is absolutely correct.

Senator CHURCH. So then responding to this, the international moved in to make its own investigation with the idea of establishing appropriate trusteeships.

Mr. VLADECK. That is correct.

Senator CHURCH. In two of the cases you found no evidence of any sort of legitimate union operations going on, and thereupon suspended the charters and expelled the locals. Those two cases were 433 and 413?

Mr. VLADECK. That is correct.

Senator CHURCH. In one of the cases, namely, local 1690, you undertook to establish a trusteeship, or you did not suspend the charter. What happened in the case of 1690? I am not clear on that.

Mr. VLADECK. 1690 was continued under trusteeship.

Senator CHURCH. Under trusteeship?

Mr. VLADECK. And it is still under trusteeship.

Senator CHURCH. What is the purpose of a trusteeship in the labor union movement?

Mr. VLADECK. The purpose of the trusteeship was to make sure that the local in the first instance was operating in accordance with the international constitution and bylaws.

In two of these cases the local was not. In the third it was. The continuation of the local trusteeship was to prevent any attempt to subvert this particular local union to the pattern which we unfortunately found in this industry, and to make sure that the local pro-

vided nothing more than a trade union which was interested in organizing employees and negotiating with employers with regard to wages, hours, and other conditions of employment.

Senator CHURCH. And you continued the trusteeship in order to give international supervision and control over the union in order to work toward these objectives?

Mr. VLADECK. And also, to use a phrase of yours, Senator, to provide it with a brand name so that we are in effect staking our reputations on the legitimacy of the current operation of local 1690.

Senator CHURCH. And local 1690, as of this date, is under the trusteeship of the International Retail Clerks?

Mr. VLADECK. That is correct.

I would like to add, if I may, two other things:

We did attempt a rehabilitation of the membership of local 433 in a different way. We advised all of the members of local 433 whose names we could find on our international roster that we would be willing to transfer them to a newly established local, local 888, to be administered by the international, and in the meantime we attempted to gain information by discussing with the employers' association in the game industry what terms or conditions of employment could be established.

In the early stages of our discussion we were promised cooperation, and we were told that they would welcome legitimate union organization.

We were later advised in effect that since we didn't offer labels for sale, and since we were really not concerned with protecting locations of employers as between employers, but only concerned with organizing people and establishing wage scales, that they did not extend the cooperation which they had originally offered and, in effect, told us indirectly if not directly, that they would prefer to operate through organizations which were less careful in terms of their administration.

Senator CHURCH. In this connection, were your negotiations with Mr. Blatt, the witness who yesterday testified as spokesman for the operators' association?

Mr. VLADECK. Yes. I had only one telephone conversation myself, with Mr. Blatt, but I do know that Mr. Ammond, who is the international vice president and trustee of these locals, had several conversations, in which Mr. Blatt originally had promised cooperation which was never forthcoming and, further, where we much later—more recently—have indicated to local 1690 that they may organize employees in the game industry legitimately, we have met the resistance of this same group.

Mr. KENNEDY. It is also of some significance, Senator, that Mr. DeGrandis took over this union, local 266, shortly after Mr. Hoffa became international president of the Teamsters.

The CHAIRMAN. What local was DeGrandis in?

Mr. VLADECK. 413.

The CHAIRMAN. How long was it after that before he became official in this 266?

Mr. VLADECK. I can't give you the exact date. The first time it came to our attention was about a year, approximately a year.

The CHAIRMAN. Within a year afterwards it came to your attention. But you don't know how long he had actually been operating?

Mr. VLADECK. Well, Senator, local 266 had existed within the Teamsters, but had jurisdiction over parks and municipal employees. It had nothing to do with the juke box or game industry. When we first heard that DeGrandis was with the Teamsters and with this local, we assumed that in some way this was the continuation of this hospital organization that he had had under our charter, contrary to the charter but nonetheless in the Retail Clerks.

We subsequently found 266 going into the coin vending machine industry.

The CHAIRMAN. In other words, when you discovered he was in it, local 266 was already in the coin machine industry, undertaking to organize it?

Mr. VLADECK. Just about.

Mr. KENNEDY. According to our understanding, local 266 existed, but for a period of time existed mostly just on paper. It had not been active for a period of time. It became reactivated, according to what information we can get, and Mr. DeGrandis is less than cooperative, from what information we can obtain it became reactive approximately or around January of 1958, within a couple of months after Mr. Hoffa became international president.

Mr. VLADECK. The first effects that we felt of it directly, and by "we," I am talking about the international, not the industry, was in the spring of 1958, which is why I said approximately that time.

Mr. KENNEDY. These locals that you found, these three local unions, were acting as enforcement arms for the associations rather than in the interests of the employees, to a lesser extent local 1690 but as far as the other two locals?

Mr. VLADECK. The other two locals, there was no question about it. Local 1690 has taken the position with us that at least since 1953, while it is true that there have been occasions where there has been location picketing, they certainly were not engaged in the same kind of relationship with the Music Operators Association, which apparently existed in the other locals.

Mr. KENNEDY. Even in local 1690, which you allowed to continue to exist, you made some drastic changes in their procedures?

Mr. VLADECK. Well, the first thing we did, and I think the committee is aware of it, was to place a ban on all picketing of any kind unless it had the approval of the international union. For a substantial period of time after the first imposition of the trusteeship, 1690 was not permitted to picket because, quite frankly, we wanted to demonstrate to the industry that this was not going to be that kind of a union; that we weren't going to be at the beck and call of the association to enforce their locations rather than to enforce our collective bargaining agreement.

The CHAIRMAN. What you are really trying to do with 1690 is to establish and develop it into a union, a legitimate union, to service the interests of the working people?

Mr. VLADECK. That is correct, sir.

The CHAIRMAN. And not to let it be used as a pawn just for the protection of contracts, collusion, and which are designed simply to serve the interests of the operators and the racketeers.

Mr. VLADECK. That is exactly right. This is what we have been hoping to do.

The CHAIRMAN. We hope you succeed in bringing about that kind of a union.

Mr. VLADECK. We do, too. I can only say to this committee that it has been a very difficult experience; we hope that some awareness on the part of the employers in this industry of their responsibility will result in less of this paper organization which we are constantly faced with, and the competition of unions which are created in somebody's mind, which print labels, and there it is.

The CHAIRMAN. I would like to ask you something just for my information, and which would not necessarily be a part of this record.

If you have any ideas as to what kind of law is needed, and how it may be drafted, to prevent these so-called paper locals or floating locals or locals that are built around an individual, a charter issued to the individual, I would like to have the suggestions.

I think that is one of the evils that we encounter in this, that there are charters issued which are in the hands of people who are not concerned with legitimate unionism, but who use those charters for illegitimate purposes, just to exploit with them.

Mr. VLADECK. Senator McClellan, charters are not issued. They just type them. There is nothing in the law, either the Federal law or the New York law, which requires anywhere, other than the filing under the Taft-Hartley Act in compliance with sections 9 (f), (g), and (h), which requires a union to have identity other than that which it, itself, creates.

So all of these organizations can, in effect, get a half dozen people together and say, "tomorrow we are going to call ourselves God-knows-what local X."

Many of these organizations which we fought against, as is evidenced in trial records, were created just this way. They pick a number out of a hat.

The CHAIRMAN. That is what I am talking about. We need some sort of legislation to protect the public and the working people against that exploitation.

Mr. VLADECK. I agree with you that legislation is needed to protect against that exploitation, but I must in all sincerity state that legislation is also needed which takes into account the fact that all of these organizations, so far as my own belief and experience with this industry is concerned, are not the creations of anything other than employers who create these organizations for the purpose of gaining a competitive advantage for themselves. These are not labor organizations.

The CHAIRMAN. I don't care whose they are. They are evil and ought to be prevented.

Mr. VLADECK. Right. And I believe that the procedures which we currently have, if reviewed, and which would require some form of certification, either in terms of recognition of the status of an international union which has some status and isn't an address or a mail drop, or in the form of registration someplace, which permits people to find out who these people are.

In most of these instances, it is my firm belief that these organizations which we have fought against for now almost 2 years were created solely for the purpose of providing the employer with the affidavit he needs to come into court when we picket, and to say, "I have a con-

tract with a union, and since I have a contract with a union, you can't picket, because it can't be a labor dispute."

We are currently faced with the situation by reason of the existence of these letterhead locals.

Senator CHURCH. Mr. Vladeck, you mentioned that after you established the trusteeship over 1690, you undertook to see to it that this union began to function as a legitimate union in this field should, and you mentioned one specific step that was taken. That was that you immediately placed a ban on picketing, except that which had the approval of the International Retail Clerks.

I am interested in knowing what other specific steps were taken. How does an international move into a picture of this kind and accomplish this objective? What other specific steps have been taken since the trusteeship was set up?

Mr. VLADECK. All checks signed by the local have to be countersigned by the international; all income of the local is reviewed; the salaries paid the officers of this local are \$130 a week for its president, plus \$35 in expenses; I think \$145 a week for its secretary; and less for its third officer.

It has been obligated to negotiate an agreement with the Music Operators Association of New York which required the approval not only of its membership, but of the international. We actually participated in that contract.

On several occasions since that contract was executed, it has been called to our attention that there has not been adherence with the agreement. We have made sure that where we knew about it, the agreement was adhered to. I think Mr. Gottlieb testified this morning, Senator Church, when you were not here, that he had had the practice of paying the union dues, and that that practice had changed.

That practice had changed because the international was advised of it, and called the association in and said:

We are not going to tolerate this. If you have to increase wages to your workers so that they can afford to pay dues which you have agreed to check off, then go ahead and raise their wages. But that dues money is not to be paid by association members; it is to be paid by our members. We don't want you as members; we want the members as members.

We have also instructed the local union officials that while we had no objection to owner-operators becoming members of the union if they so chose, and frankly I don't know why they should so choose, but if they want to, all right, but that there was to be no attempt to organize owners who operated their own machines; there was to be no picketing of a location where there was an owner-operator; there was to be no picketing of a location where the location owner owns the machine, which occurs occasionally.

Somebody who owns a bar, a grill, a luncheonette, will buy his own jukebox. That there was to be no picketing of a nonunion location until an attempt was made to find out who the man was who serviced it, and to talk to him, to attempt to organize him, not by first putting a picket line and then finding out that he owned the machine or that the tavern owner owned it, but first find out whether this is actually being serviced by an employee before any economic pressure would be put on.

Senator CHURCH. I think this, Mr. Chairman, indicates the extent of the various methods that have to be employed to clean up a situation of this kind, and I think that it highlights the fact that the heavy reliance, perforce, is upon the unions themselves to clean out much of the racketeering that the investigations of this committee have disclosed.

I have said before that I am hopeful that Congress will act, that we will have reform legislation at the national level. But even model legislation at the national level is but a first step. I have said also that great reliance has to be placed upon local law enforcement authorities, and that most of the abuses that have come to the attention of this committee have, in fact, been in breach of the peace laws of the local communities, and can only be effectively dealt with at that level, because the Congress is not an enforcer of the general law.

But I think that this also needs to be said: That a major portion of this cleanup job has to be done by legitimate labor unions through their international organizations. That is why it is so distressing to the members of this committee to find one of these international organizations, the Teamsters, shot through with the very kind of corruption that occurs at a local level.

So we have very little confidence that within that organizations the necessary steps are going to be taken. That is the largest single union organization in the country.

I want to commend you and, through you, the leadership of the Retail Clerks International, for the efforts that you have made in this difficult field. I think that it represents the kind of work that must go forward now through many of the international union organizations in this general effort to clean the racketeers out of legitimate unionism in this country.

Mr. VLADECK. Thank you very much.

Mr. KENNEDY. In that connection, I would like to ask you what you would feel the future holds in this field when you have to compete with a local such as 266 of the International Brotherhood of Teamsters?

Mr. VLADECK. In all honesty, Mr. Kennedy, I don't regard the future as bright for our local 1690. We are not going to engage in the kind of tactics which the other organizations in this industry have engaged in.

We will not seek finances from employers to do it, and we will not seek the strong arms that are going to be necessary to impose this kind of condition of unionization in this industry under the current climate.

All that we will continue to do, and which we must continue to do, is try to restrain, through available law and through local law enforcement officers, this invasion of our collective bargaining agreements. We have done it once in conjunction with the music operators. They have done it a second time.

Local 266 is going to be much harder to deal with in this regard, because they do have an international charter and they are an international union with a reputation. It is not a letterhead local.

Mr. KENNEDY. And the union which has more economic power than any other union in the country.

Mr. VLADECK. Certainly more than the Retail Clerks, Mr. Kennedy.

Mr. KENNEDY. And the union that is controlled, operated, and backed by the underworld in New York City, as local 266 has been shown to be.

Mr. VLADECK. Well, we are not optimistic as to our future. I can only say to this committee that we will continue to exercise any effort we can to preserve our jurisdiction in this field. But we just aren't going to play it according to their rules. We neither can afford to nor want to.

If that means that we are unsuccessful, at least we will have had an experience, I will characterize it that way, over the years in which we are attempting to accomplish this, at least.

Mr. KENNEDY. So it would appear that the monopoly that was discussed this morning of this industry in New York will be established unless there is some drastic change, which is not immediately foreseeable.

Mr. VLADECK. Well, I think Mr. Kasper stated in his testimony, which I heard this morning, that 266 has been slowed down. At least to the extent we can keep slowing it down, we are going to try to.

That much I can say. I certainly cannot say with any confidence that we can avoid their gaining control of the industry.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 4:40 p.m. the select committee recessed, to reconvene at 10:30 a.m., Friday, February 13, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, FEBRUARY 13, 1959

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter De Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Church.)

The CHAIRMAN. All right, Mr. Counsel, call the next witness.

Mr. KENNEDY. I thought before we started I might place in the record the names of the gangsters who attended the meeting at Apalachin whom we have found to be in the coin-machine business, for the most part in the cigarette-machine business, in the game-machine business, and in jukeboxes.

They would be Jerry Catena, from New York and New Jersey, who was a witness here the other day; John Anthony DeMarco, from Cleveland, Ohio; Joseph Falcone, from Utica, N.Y.; Michael Genovese, from Pittsburgh, Pa.; John LaRocco, from Pittsburgh, Pa.; Carmine Lombardozzi, from New York City; Gabriel Mannarino, from New York City, a witness earlier; John Scalish, from Cleveland, Ohio, who was a witness earlier; and Frank Zito, from Springfield, Ill., who was a witness the day before yesterday.

I might also say, Mr. Chairman, that we had another situation that developed. As you know, we have been investigating some coin-machine activity in Lake County, Ind. It has been a very active operation, but the night before last those who operated the machines, which in part are run by the syndicate, came and picked up all of the machines in and around Gary and in some other areas of Lake County. For the most part these were pinball machines such as were exhibited here on the first day, the gambling pinball machines, the so-called bingo machines. They were all picked up, over 1,000 of them, over a short period of time, shortly after the hearings began.

The CHAIRMAN. Have they been put out of operation?

Mr. KENNEDY. They were picked up by the syndicate and have been placed in warehouses in and around that area, and they are now completely out of operation.

As you know, we have had investigators there for several months, and we have been going into the matter. It is one of the most critical of any areas that we have made an investigation of.

But these machines, since these hearings started, have all been picked up.

The CHAIRMAN. All right.

Mr. KENNEDY. The first witness, Mr. Chairman, is Mr. Albert Denver.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DENVER. I do.

**TESTIMONY OF ALBERT S. DENVER, ACCOMPANIED BY COUNSEL,
SAMUEL MEZANSKY AND JOSEPH GODMAN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DENVER. My name is Albert S. Denver, and my place of business is at 761 Park Place, Brooklyn, N.Y. I own and operate jukeboxes and cigarette machines.

I am also president and managing director of the Music Operators of New York, Inc., with offices at 250 West 57th Street, New York City.

The CHAIRMAN. Thank you. You have counsel, and will you identify yourself for the record, please.

Mr. MEZANSKY. My name is Samuel Mezansky, 350 Fifth Avenue, New York City, and my associate is Joseph Godman, 274 Madison Avenue, New York City.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. I believe Mr. Denver had a prepared statement, Mr. Chairman, that he would like to submit to the committee. I do not believe that he intended to read the statement, but he would like to have it made an exhibit for reference, at least.

Mr. DENVER. I would like to do that, Mr. Chairman, with your permission.

Mr. KENNEDY. The statement was submitted yesterday and so it meets the rule.

The CHAIRMAN. I understand the statement was submitted under the rule, and therefore it may be received and the statement may be made exhibit No. 17 for reference.

(Statement referred to was marked "Exhibit No. 17" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Mr. Denver, you may highlight it if you desire to do so, or if there is any comment you wish to make.

Mr. DENVER. Thank you, sir.

The CHAIRMAN. Do you prefer to be interrogated and you don't want to make any comment about your statement?

Mr. DENVER. No; that is not important. As long as the committee has a copy of the statement.

Mr. KENNEDY. Mr. Denver, you are president and managing director, as you have testified, of the Music Operators of New York?

Mr. DENVER. I am.

Mr. KENNEDY. And you are owner and president of the Lincoln Service Co.?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Which operates approximately 75 jukeboxes and some 300 cigarette machines?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. You also own a factoring company called the Bedford Factors; is that right?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Which primarily loans money to operators in the jukebox industry, primarily?

Mr. DENVER. Primarily business conditional contracts covering jukeboxes, and cigarette machines.

Mr. KENNEDY. And that company presently has over \$1 million out on loans; is that right?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. As president of the Music Operators of New York, you receive some \$250 in salary, and approximately \$75 expenses?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. The association was formed in 1937 and it was originally called the Automatic Music Operators Association, Inc.?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. In 1953 it changed its name to its present name?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. That is \$257 a week and \$75 expenses?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. You have been a member of the association since 1939 and were elected its president in 1945?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Your operation is limited, or has limited its operation of Music Operators Association to New York City?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. You are approximately 160 members?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. And you operate approximately about 8,000 machines on location?

Mr. DENVER. Yes, sir; that is, the members of the association do.

Mr. KENNEDY. Approximately 8,000 machines?

Mr. DENVER. Yes, sir.

The CHAIRMAN. What kind of machines are they; just music?

Mr. DENVER. Just music machines, jukeboxes; yes, sir.

Mr. KENNEDY. As we have been talking about this association, and the members of it, Mr. Chairman, I wanted to put the statistics in as to the number of machines and what the economic value of the industry is.

Most operators maintain between 30 and 40 machines?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. That is the average?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Operators with less than five machines are excluded from membership in the association?

Mr. DENVER. No; we take any operator with any number of machines at this time.

Mr. KENNEDY. Had you at one time?

Mr. DENVER. Yes; that was a few years ago, Mr. Kennedy.

Mr. KENNEDY. That has been changed?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. There are about 11,000 machines in New York City?

Mr. DENVER. I daresay there are.

Mr. KENNEDY. So there are about 3,000 machines owned by independent operators.

Mr. DENVER. That is correct.

Mr. KENNEDY. That, as you will develop later in your testimony, is getting larger?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. The average gross income per machine is approximately \$20 a week, the gross income?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Which means a total gross business of approximately \$11,440,000 a year.

Mr. DENVER. I believe your computation is correct.

Mr. KENNEDY. Then in addition the machines are normally written off and replaced normally about every 4 years; is that right?

Mr. DENVER. That is correct.

Mr. KENNEDY. And the fair average price of a machine is about approximately \$1,000?

Mr. DENVER. Approximately.

Mr. KENNEDY. So consequently, the sale of machines in the area would approximate some \$2,750,000 each year, according to those figures.

Mr. DENVER. You mean on replacement?

Mr. KENNEDY. Yes.

Mr. DENVER. I don't think it will run that high, but it will run to a substantial amount.

Mr. KENNEDY. If a machine is replaced every 4 years?

Mr. DENVER. It would be 2,000 machines replaced a year on the basis of \$1,000. That would be close to \$2 million.

Mr. KENNEDY. Well, of course, there are some 11,000 machines, and that is just for the association. I am talking about all of them. So for the overall figure it would be \$2,750,000.

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Now, the records also indicate that there are some 13 members, about 8 percent of the membership operate 3,468 machines, or about 41 percent of the total machines. Would that appear approximately right?

Mr. DENVER. You say 13 members?

Mr. KENNEDY. Herman Music and Boro Auto Music, and the 13 top operators of some 3,400 machines, which is about 41 percent of the total of all of the machines.

Mr. DENVER. I never broke it down, Mr. Kennedy, but I suppose you have the figures there.

Mr. KENNEDY. Mr. Constandy, can you place those figures in the record?

The CHAIRMAN. You have been previously sworn, Mr. Constandy?

Mr. CONSTANDY. Yes; I have.

The CHAIRMAN. All right; you may testify regarding this.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

The CHAIRMAN. What have you before you?

Mr. CONSTANDY. I have before me the list of the 13 largest operators and the number of their locations each and the percentage of the total.

The CHAIRMAN. The largest operators in what area?

Mr. CONSTANDY. These are the largest operators that are members of the Music Operators of New York.

The CHAIRMAN. They operate, then, in the New York area?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. The names of the largest operators and the number of machines they operate, their income, and any other information you have about them may be stated.

Mr. CONSTANDY. The A. & A. Operating Co.

The CHAIRMAN. You are giving the names of what?

Mr. KENNEDY. He is going to give the names in the order of their size, Mr. Chairman.

Mr. CONSTANDY. The Suffolk-Nassau Music Co., with 700 machines, is first; and the Paramount Music, with 390 machines, is second; and Regal Music, with 325, is third; A. & A. Operating Co. also has 325 machines.

The LaSalle Music Co. has 290 machines. The Union Automatic Music has 250 machines. Elkay Amusement has 215.

Master Automatic Music has 177. Majestic Operators have 123. Capital Automatic Music has 120. Herman Music Co.—and I believe that is combined with Boro—has 215.

Mr. DENVER. That is incorrect, Mr. Constandy.

Mr. CONSTANDY. In what respect?

Mr. DENVER. They don't operate 250 machines.

Mr. CONSTANDY. I said 215.

Mr. DENVER. I believe they only operate about 50 machines.

Mr. CONSTANDY. Is there another company that is operating in conjunction with that, called Boro? I believe their total is 215.

Mr. DENVER. I see.

The CHAIRMAN. You are talking about the two companies.

Mr. CONSTANDY. There is a joint interest in ownership in both.

Mr. KENNEDY. That should be up around the sixth largest.

Mr. CONSTANDY. That makes a total of 3,468 machines, which accounts for 41 percent of the total machines listed as operating in New York.

Senator CHURCH. Were those the 10 top companies?

Mr. KENNEDY. It is about the 10 top ones.

The CHAIRMAN. It is 11, according to my count.

Mr. KENNEDY. It might be.

The CHAIRMAN. Did you hear these figures read off?

**TESTIMONY OF ALBERT S. DENVER, ACCOMPANIED BY COUNSEL,
SAMUEL MEZANSKY AND JOSEPH GODMAN—Resumed**

Mr. DENVER. I did.

The CHAIRMAN. Are they approximately correct?

Mr. DENVER. They are approximately correct, Mr. Chairman.

The CHAIRMAN. All right.

Mr. KENNEDY. Now, the dues for each association member are 65 cents per month for each machine on location?

Mr. DENVER. Seventy cents.

Mr. KENNEDY. How much is it now?

Mr. DENVER. Seventy cents.

Mr. KENNEDY. Now, one of the advantages for the association members is that they have the opportunity to list their locations with the association, in his contracts, and under the agreement the members do not breach another person's location where he has a contract.

Mr. DENVER. That is correct.

Mr. KENNEDY. Almost since its inception, the Music Operators has had a bargaining agreement with local 1690 of the Retail Clerks, and its predecessors, local 786, Independent, and local 786 IBEW.

Mr. DENVER. That is correct.

Mr. KENNEDY. 786 IBEW was the local that was headed by Calland?

Mr. DENVER. That is correct.

Mr. KENNEDY. Now, it had been a practice in the past, at least up to a year or so ago, when local 1690 was placed in trusteeship, and a new arrangement existed between the union and the association, it had been a practice up until that time when an association member's location was breached for a telephone call to be placed to the union and for the union to provide pickets at that location?

Mr. DENVER. Well, I am aware the operator called the union and apparently that is what the purpose of the call was.

Mr. KENNEDY. That had been a practice up until the last year?

Mr. DENVER. That is correct.

Mr. KENNEDY. Now, Mr. Chairman, I would like to have the witness identify the contract, because there will be some references undoubtedly made to it in the report ultimately.

The CHAIRMAN. Does your association have a labor contract?

Mr. DENVER. We do; yes, sir.

The CHAIRMAN. With what union, and with what local?

Mr. DENVER. Local 1690.

The CHAIRMAN. I hand you here a photostatic copy of a document which purports to be the contract between your association and local 1690. I ask you to examine it and state if you identify it as such.

(The document was handed to the witness.)

Mr. DENVER. Yes, sir.

The CHAIRMAN. The contract may be made exhibit No. 18, for reference.

(Document referred to was marked "Exhibit No. 18" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. There are just two provisions of the contract that I want to bring to your attention, which we have discussed before. That would be article XIX of the contract, which states:

EMPLOYER MEMBERSHIP WITHIN THE UNION. Association members who act as their own collector-agent and service their own machines, shall be deemed

employees and shall become members of the Union, subject to the rules and regulations of the Union covering such members.

What that provides, in other words, is that self-employed members of the association must become members of the union?

Mr. DENVER. That is correct.

The CHAIRMAN. The self-employed members of the association? Are they the owners of the locations?

Mr. DENVER. No, they are the owners of the machines. They are operators.

The CHAIRMAN. They are the ones who place the machines in locations?

Mr. DENVER. That is correct.

The CHAIRMAN. They have to become members of the union?

Mr. DENVER. Well, they do that voluntarily, Commissioner—I am sorry, Senator.

The CHAIRMAN. They do it voluntarily?

Mr. DENVER. Yes.

The CHAIRMAN. In other words, if they belong to the association, they have to belong?

Mr. DENVER. Well, according to the terms of our collective bargaining agreement, they do.

The CHAIRMAN. That is right. I mean according to your contract?

Mr. DENVER. Yes, sir.

The CHAIRMAN. If they belong to the association, they must also join the union?

Mr. DENVER. That is correct.

The CHAIRMAN. Those are the ones who own the boxes, who put them out on location?

Mr. DENVER. That is correct.

The CHAIRMAN. There is actually no employer-employee relation, then?

Mr. DENVER. That is correct, with one exception, Mr. Chairman. The owner-operator has no voice in the affairs of the union.

The CHAIRMAN. But he has to help support it; to pay dues?

Mr. DENVER. Yes; that is correct.

The CHAIRMAN. But he has no voice?

Mr. DENVER. No, sir.

Mr. KENNEDY. Then there is another provision in the contract, article 18, which deals with the location owner, where the location owner has a complaint against the man who owns the machine. If he wants to have that machine removed, under this article, article 18, he has to take his complaint to either the union or the association, and both of them have to be agreeable, ultimately, to the final disposition of the situation?

Mr. DENVER. I don't seem to remember that clause in the last contract.

Mr. KENNEDY. Well, it was in up to then.

Mr. DENVER. It may be possible on a previous contract, but not in the recent contract.

Mr. KENNEDY. It is also in here, in article XVIII. It states:

Should any differences arise between the Location Owner and/or the Operator, and/or the Collector-Agent, to the extent that he desires a change of collector-agent, he may file a complaint—

this is the location owner, the tavern owner; this is what he has to do, a third party, to the extent that he desires—

he may file a complaint either with the Association or with the Union, and if his complaint is meritorious, either party hereto may grant him the relief sought. If, however, the decision granting or denying said relief is not satisfactory to either party, then the matter may be submitted by the aggrieved party for settlement and determination in accordance with all the procedures hereinbefore set forth in article XII.

Mr. DENVER. Mr. Kennedy, I believe that clause refers to any complaint that may be made against the collector.

Mr. KENNEDY. Well, for whatever reason that the location owner does not like the situation that exists in his tavern—

Mr. DENVER. If, perchance, he is not satisfied with the manner in which the collector-agent conducts himself, then he has the right to file his complaint, the storekeeper has a right to file a complaint against him.

The CHAIRMAN. What is the collector-agent?

Mr. DENVER. A collector-agent is one who visits the location.

The CHAIRMAN. One who what?

Mr. DENVER. Visits the location.

The CHAIRMAN. Takes the money out of the machine?

Mr. DENVER. That is right. Collects the money in the machine and changes the money.

Mr. KENNEDY. He could be self-employed, obviously?

Mr. DENVER. Yes.

Mr. KENNEDY. The only point is that the location owner, under the contract and under the arrangement between the union and the association, must take his complaint—the location owner just cannot get rid of the machine, but he has to follow this procedure, if he does not like the collector-agent.

Mr. DENVER. That applies to employees. We have no jurisdiction over that, Mr. Kennedy.

Mr. KENNEDY. But these people are, to a large extent, self-employed. If he does not like the location, the man who is servicing the machine, who might be self-employed or work for somebody else, he cannot just get rid of the jukebox. He must follow this procedure.

Mr. DENVER. Well, our interpretation and our intention was—that is, it was the intention of the union—that the clause applied to employees. That was for job security, more or less.

Mr. KENNEDY. I do not want to pursue this matter, dig it into the ground. But these employees could be self-employed.

Mr. DENVER. Yes; that is correct.

Mr. KENNEDY. And it gets ultimately into the question of getting rid of the box. There might be an advantage for the employees; I am not arguing about that. But it does set up the procedure for a tavern owner to get rid of the jukebox that exists in his tavern.

Mr. DENVER. That is right.

Mr. KENNEDY. Also, I would like to have you discuss with us, Mr. Denver, the situation regarding the various unions that have been in existence in New York City during this period of time, who have been competing with one another in order to attempt to sign a contract with the association, and what the effect has been on the association.

Mr. DENVER. Well, in a short period of 2 years we have been faced with three unions, local 531, local 19, and local 266.

Mr. KENNEDY. That is Teamsters?

Mr. DENVER. That is correct. This has been very trying on the members of our association. It has been very embarrassing to them. It has meant the loss of locations and the loss of money to the members of our association.

Mr. KENNEDY. There has been a period of harassment between these various unions on the locations and on the operator; is that right?

Mr. DENVER. Well, without any cause or reason, they immediately wrote to the location owners advising them that the machines in their locations were not serviced by the particular union. For example, local 531 or 19 or even 266. And that unless the machines were serviced by members of the particular union, pickets would be placed in front of the stores.

The average storekeeper, refusing to be disturbed by labor disputes, immediately asked our members to remove their machines or disconnected the use of the machines until the thing was clarified.

In the case of local 531, there were any number of machines that were disconnected and put in the rear of the store for months, during which time we had brought proceedings against local 531 and its officials in the supreme court, requesting a permanent injunction.

We did get that permanent injunction, which was signed by Justice Coleman. I don't think it took a week before we were faced with another union, known as local 19. Without any reason in that case, they immediately sent out pickets to locations and caused the same harassment, whereby machines were again turned around and disconnected. They intimidated storekeepers to the degree that unless machines bearing the label of local 19 were installed, that pickets would be placed in front of the location.

Mr. KENNEDY. During the period while this harassment was going on by local 19, were you visited by an association officer, Eugene Jacob, and also another man by the name of Max Gulden, another game operator?

Mr. DENVER. Max Gulden; yes, sir.

Mr. KENNEDY. He has been mentioned earlier in the testimony, Max Gulden, as being the individual who was downstairs shortly before Mr. Green received his beating. What did they state to you regarding local 19?

Mr. DENVER. Well, they were aware of just what was going on. They told me in no uncertain terms that we could get peace in the industry if I decided to sign a collective bargaining agreement with a Longshoremen's Union.

Mr. KENNEDY. They were going to bring a Longshoremen's Union in?

Mr. DENVER. That is correct.

Mr. KENNEDY. Did they say that if you didn't want the Longshoremen's Union organizing the game operations in New York City, that they could get another union for you?

Mr. DENVER. They as much told me that they had several unions on hand. It was just a question of picking any one I wanted.

Mr. KENNEDY. You refused to deal with them?

Mr. DENVER. I absolutely refused to listen to any such conversation and told them repeatedly that we were fighting these paper locals with all our strength; that we didn't want to have any part of those paper locals; that we had a collective bargaining agreement with local 1690, which was an honest union, and that we were going to respect our collective bargaining agreement. Then I asked them to leave.

Mr. KENNEDY. Did Jacob tell you that if you went along with this operation and this deal that you could establish a monopoly control in New York City?

Mr. DENVER. Well, he as much as intimated that with the aid of himself and other people, and a union of their choosing, that a monopoly would be created. I told him that I would have no part or parcel of any such deal.

Mr. KENNEDY. Was this going to be in the game and jukebox field?

Mr. DENVER. Yes. A combination.

Mr. KENNEDY. When you say "as much as intimated," was it stronger than that? Was there some statement made to this effect? Or was that what the purpose of the conversation was?

Mr. DENVER. He as much as told me that for my own good it would be better for me to acquiesce and concede that that factor is much stronger than our factor. I told him that regardless of whatever he said, the matter would be referred—which we did—to the office of the Manhattan district attorney's office. Mr. Constandy was in charge of the inquiry.

I visited with the Central Investigation Bureau, and I spoke to Detectives Jordan, Meyers, and Sergeant Langston. I was in communication with the Brooklyn district attorney's office, and saw District Attorney Bob Lazarus and District Attorney Koota, in charge of the Racket Bureau.

I gave them all these facts. As a matter of fact, the Brooklyn district attorney's office obtained an indictment against an official of local 531.

Mr. KENNEDY. Did they explain to you how they were going to get the Longshoremen's Union into this situation?

Mr. DENVER. I wasn't interested enough to ask. They told me that they could get the charter.

Mr. KENNEY. Was this whole idea, the whole thought behind it, of making an arrangement with the local of their choice, the idea of gaining monopoly control over the New York area?

Mr. DENVER. Definitely. Definitely. And I was given to understand that the cost per machine would be \$5 per month for the association, and \$5 per month for the union.

Mr. KENNEDY. And that it would bring in a tremendous income?

Mr. DENVER. That would be \$5 per month and they figured at least 15,000 machines. That would be \$75,000 a month for the union and \$75,000 for the association.

Mr. KENNEDY. That would be in the form of these label charges?

Mr. DENVER. Yes. They call it labels.

Mr. KENNEDY. This was all explained to you at this meeting, in which you refused to go along with them?

Mr. DENVER. That is right.

Mr. KENNEDY. Did you understand that there were some underworld figures behind all of this?

Mr. DENVER. Yes.

Mr. KENNEDY. Then after you refused to make any concessions on this, did local 266 of the Teamsters then come into existence?

Mr. DENVER. That is correct.

Mr. KENNEDY. Then they started their activities of harassment?

Mr. DENVER. That is right.

Mr. KENNEDY. That has been aimed at you and your organization?

Mr. DENVER. That is absolutely correct.

Mr. KENNEDY. That has been going on over a period of the past year?

Mr. DENVER. That is right; divide and conquer.

Mr. KENNEDY. Have they made any real progress?

Mr. DENVER. They have. I have been informed that they have at least 2,500 phonographs in their union. I understand that several of our members who are afraid of being intimidated agreed to join local 266 and pay dues thereto.

Mr. KENNEDY. We have some figures here that show only up until the last quarter of 1958, but which show that from 1956 to the last quarter of 1958, the members of your association have lost some 1,631 locations.

Mr. DENVER. That is correct.

Mr. KENNEDY. That is because of these efforts by the underworld to move into these unions and work closely with association members, or independent operators, who do not mind making this kind of a deal?

Mr. DENVER. That is correct.

Mr. KENNEDY. Did you ever hear or have any conversation as to who controlled local 266 of the Teamsters?

Mr. DENVER. Well, I was told that Mr. DeGrandis was the man who was president of the union. I was also told that the Gallo brothers, whom I never met, by the way, were the people behind the union.

Mr. KENNEDY. They are the ones that have been described here as the successors to Murder, Inc.

Mr. DENVER. Well, I heard that description. I don't know them.

Mr. KENNEDY. They were the ones that were originally behind local 19 and now they switched over to local 266?

Mr. DENVER. That is correct.

Mr. KENNEDY. So it all fits into what you were told was going to happen; is that right?

Mr. DENVER. That is right.

Mr. KENNEDY. Did you understand the association member, or the operator who was behind it, was Gene Jacob?

Mr. DENVER. That is correct.

Mr. KENNEDY. He was originally behind local 19 and then switched over to local 266?

Mr. DENVER. That is right.

Mr. KENNEDY. They have been told, have they not, by the operators who have this arrangement with local 266, your people have been told that they better join up with 266 or they are going to start losing even more locations?

Mr. DENVER. That is definitely true.

Mr. KENNEDY. Have you been threatened at all, yourself?

Mr. DENVER. Yes, I have been threatened.

Mr. KENNEDY. Would you tell us about that?

Mr. DENVER. Well, I received a few anonymous calls that unless I—

Mr. KENNEDY. First when you were opposing local 19?

Mr. DENVER. Yes.

Mr. KENNEDY. Were you approached then by Mr. John M. Amalitano?

Mr. DENVER. That is correct.

Mr. KENNEDY. What did he say to you?

Mr. DENVER. Well, in substance he told me that I won the first round, but I wouldn't live see any other rounds won by me. Then I received any number of anonymous calls to my office, and somehow or other they were able to call my home. I have an unlisted phone at home. How they got that number, I will never know. But they always made sure to call my home when I wasn't there.

Mr. KENNEDY. Did they talk to your wife?

Mr. DENVER. Yes.

Mr. KENNEDY. What did they say to your wife?

Mr. DENVER. Well, that I was mentioning names, which I didn't, by the way, and that my activity was too great to allow me to live.

The CHAIRMAN. What is your association going to do? Are you going to continue to fight these evils?

Mr. DENVER. Mr. Chairman, let this be known for the record and for the world, and for every citizen of the United States. I have a vote of confidence from the members of our association. We will muster everything at our disposal to fight and oppose these evils.

We, the average operator in New York City, the members of our association, enjoy a clean industry. We want it kept clean, and we will fight to have a clean, honorable industry so that we can make a livelihood.

The CHAIRMAN. Is it local 266 now of the Teamsters that is the one that is giving you the trouble?

Mr. DENVER. Yes, sir.

The CHAIRMAN. It is the one that is using these threats and intimidations to try to force the members of your association to join that union?

Mr. DENVER. That is right; yes, sir.

The CHAIRMAN. That is the one that has Mr. DeGrandis? Is he the president of it?

Mr. DENVER. He is the president; yes.

The CHAIRMAN. What is the name of the other two?

Mr. KENNEDY. He is the president, and the Jacob brothers are behind him, and the Gallo brothers.

The CHAIRMAN. The Jacob brothers and Gallo brothers, they are all behind local 266?

Mr. DENVER. That is correct. Their great weapon is to stop the delivery of beer.

The CHAIRMAN. And they get the cooperation of the Teamsters Union?

Mr. DENVER. They get beautiful cooperation, perfect cooperation.

The CHAIRMAN. So you and your association are going to fight this. You belong already to a union?

Mr. DENVER. Local 1690.

The CHAIRMAN. And you have a contract with them?

Mr. DENVER. Yes, sir.

The CHAIRMAN. And this is a case of the Teamsters Union, backed by these gangsters and crooks, coming in, muscling in, undertaking by force or intimidation, economic force and intimidation, to drive you folks out of local 1690 of the Retail Clerks into the Teamsters Union, where it is gangster-controlled?

Mr. DENVER. That is correct, Mr. Chairman.

The CHAIRMAN. Who of the Teamster high officials are back of this in supporting it? Who does this local 266—who is the immediate superior or authority over it?

Mr. DENVER. Well, Mr. O'Rourke of the council granted the charter.

The CHAIRMAN. He granted the charter?

Mr. DENVER. That is right.

The CHAIRMAN. And he is what in the international? Is he one of the chief vice presidents?

Mr. DENVER. That is correct.

Mr. KENNEDY. He is head of Joint Council 16, Mr. Chairman, which is the joint council that controls New York City, 140,000 Teamsters there. He was the one who was backed by Johnny Dioguardi and Tony Ducks Corallo.

We looked into his election in 1956, the joint council election. He was backed by these figures. He appeared before the committee and took the fifth amendment and shortly afterward was elected vice president of the Teamsters on Mr. Hoffa's slate.

The CHAIRMAN. Did Hoffa send money up there to help him in his election?

Mr. KENNEDY. No; it was through Hoffa's efforts that these paper locals——

The CHAIRMAN. That is where the paper locals were granted to Dioguardi and that crowd in order to help elect John O'Rourke?

Mr. KENNEDY. Yes.

The CHAIRMAN. But it was in the Philadelphia area where he sent money over to help them?

Mr. KENNEDY. That is correct.

The CHAIRMAN. I understand.

Mr. DENVER. As a matter of fact, Mr. Chairman, may I at this time say that when we started to feel a squeeze on behalf of this local, 266, our attorney, Mr. Mezansky, immediately communicated by writing to the monitors of the Teamsters.

The CHAIRMAN. You have reported this to the monitors?

Mr. DENVER. Yes; they have a definite report.

The CHAIRMAN. Have they taken any action yet?

Mr. DENVER. No, sir.

The CHAIRMAN. Well, I think there was a question about the extent of their authority and jurisdiction up until some 4 or 5 days ago. I think possibly that now is being resolved or has been resolved, of course, subject to appeal and review.

But with the authority that apparently they have now, the monitors might be able to give your association some assistance.

Mr. DENVER. Well, they haven't up until now, Mr. Chairman. I am sure that after waiting so long we can wait another hour.

The CHAIRMAN. I am not trying to put them on the spot in any way. I just don't know. But I can understand that possibly up until now they were hesitant or reluctant to act because there was a question of their authority and jurisdiction which had not been fully settled, fully determined. There was a question about it.

But now I think maybe they would be able to take some affirmative action to protect this local 1690 from being raided in the fashion that it is being by local 266.

Mr. DENVER. Well, the monitors have our complaint on file.

The CHAIRMAN. All right.

Mr. KENNEDY. In the same vein, the connections of some of these people with the underworld, were you ever approached in the threats that were made to you, by any underworld figure as to what they could do for you with local 266?

Mr. DENVER. Well, there was a party that came to see me.

Mr. KENNEDY. Who was the party that came to see you?

Mr. DENVER. A man by the name of Ernie Rupolo.

Mr. KENNEDY. Ernie "The Hawk" Rupolo?

Mr. DENVER. I didn't know "The Hawk." I only knew him at that time as Ernie Rupolo. I knew that he had been in the business, but I never met him before that time.

Mr. KENNEDY. He had been jumping certain locations?

Mr. DENVER. Yes, he was jumping locations. That is why I knew his name. He told me that he would be able to straighten out this question of raiding on behalf of the Jacob brothers. I said to him if he could do that, that would be all right with me.

Mr. KENNEDY. Did he ever straighten it out?

Mr. DENVER. No, it was never straightened out. I saw him three or four times after that and that was the end of it.

Mr. KENNEDY. Did you make some payments to him for his efforts?

Mr. DENVER. No, not in that vein.

Mr. KENNEDY. Did you make some payments to him?

Mr. DENVER. Well, he had called my office and given us a prospect of a location, and we gave him a finder's fee, and I think it was \$75.

Mr. KENNEDY. How many times did he call your office?

Mr. DENVER. He called my office about four or five times, half a dozen times.

Mr. KENNEDY. How much money did you pay him altogether?

Mr. DENVER. I don't remember. It must have been around \$100 or \$150.

Mr. KENNEDY. You paid him for a couple of different locations?

Mr. DENVER. Just one location and we had prospects of another location which didn't materialize. These were virgin locations.

Mr. KENNEDY. You paid him on several occasions?

Mr. DENVER. Yes, I think it was two checks, twice.

Mr. KENNEDY. I want to go back in time a little bit to the activities of the Emby Co., which was a company during the 1940's, a company that was operated by Meyer Lansky. Are you familiar with that operation?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. Were you ever approached by representatives of that company, by Meyer Lansky Co., toward making some kind of a deal?

Mr. DENVER. Yes.

Mr. KENNEDY. Would you relate to the committee what happened, or relate what happened there?

Mr. DENVER. The Emby Distributing were the distributors for the Wurlitzer factory.

An officer of the company was a man by the name of Ed Smith.

Mr. KENNEDY. He was a partner of Mr. Lansky?

Mr. DENVER. I believe he was a partner. He was in charge and he had authority there. There was a period there right after the World War II when new machines were coming into the market and Mr. Smith told me that they were instituting a franchise plan. Mr. Levine, our former attorney who is now deceased, and myself, asked Mr. Smith the meaning of this franchise plan. Mr. Smith told us that any purchaser of the Wurlitzer machine would be restrained from buying any other type of machine.

Mr. Levine and I demanded a copy of that agreement, and we wanted to see the type of agreement that they would have the operator sign. They told us that the agreement was not ready at the moment, but that they would give us a copy of the agreement.

Now, after inquiring about six or seven times, Mr. Smith definitely told us that they decided not to have a written agreement, but it was by way of mouth to ear, a verbal agreement. They wanted the operators just to buy one type of machine and the operators definitely refused to go along with that.

Mr. Smith then called upon Mr. Levine and myself and asked us to enter into a deal guaranteeing him the sale of 1,500 machines per year.

We absolutely refused to go ahead with any such idea, or any such deal.

Mr. KENNEDY. What did he say would happen if you didn't go through with the deal?

Mr. DENVER. He told us that the locations would be taken away from us. As a matter of fact, within a very short time we lost close to 200 or 250 locations. But we stood our ground, and after 3 months they acknowledged the fact that we wouldn't go along with the plan.

Mr. KENNEDY. Did you understand that they were figuring that because of Meyer Lansky's name, that you would capitulate and give in on it?

Mr. DENVER. Possibly.

Mr. KENNEDY. And they did try to carry out their threat and were successful for about 200 or 250 locations?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. But then it ended; is that right?

Mr. DENVER. Yes, I saw very little of Meyer Lansky.

Mr. KENNEDY. You didn't make a deal with them?

Mr. DENVER. Oh, no; absolutely not.

Mr. KENNEDY. What about Carmine Lombardoizzi? Did you ever have any connections with him?

Mr. DENVER. I never had any connections, outside of the fact that Mr. Lombardoizzi went into the phonograph business and once he was in the business he started to take locations away from our members, locations that were under contract. As a matter of fact, he took two locations away from me.

As managing director of the association it was my job to see whether we could get him in as a member of the association.

Now, when I had seen him originally, I didn't know what his background was, and I didn't know who the man was outside of the fact that he was in the phonograph business.

After several conferences, he signed up as a member of our association.

Mr. KENNEDY. Did he want to sell his route to you at one time?

Mr. DENVER. At one time he wanted to sell the route to me, but I wouldn't have any part of it.

Mr. KENNEDY. Ultimately he sold it to someone else?

Mr. DENVER. He sold it to Majestic.

Mr. KENNEDY. That was the testimony that we had yesterday. Did he ever come to speak to you about getting his brother a position?

Mr. DENVER. Yes, he told me that he would like to have his brother be associated with the union, and I told him I had no dealings with the union, and if he wanted to do that he could go right up to the union and talk for himself.

Mr. KENNEDY. Did he tell you that he wanted to have his brother made an official of local 1690?

Mr. DENVER. That is correct.

Mr. KENNEDY. And you told him he would have to go to see the union?

Mr. DENVER. I referred him to the union.

Mr. KENNEDY. To make those arrangements himself?

Mr. DENVER. Yes, that is right.

Mr. KENNEDY. There is just one other matter that I want to talk to you about briefly, and that is the beating of Mr. Caggiano.

We have had testimony about his visit to Mr. Calland's office, the first conversation he had with Mr. Calland, and the open windows, and how they then went down and went ultimately to your office.

Could you relate what happened after they arrived at your office?

Mr. DENVER. Well, do you want me to tell the committee the inception of this whole thing?

Mr. KENNEDY. Unless it gives something different than the testimony we have already had.

Mr. DENVER. It is not different outside of the fact that Mr. Lichtman and Mr. Cagi started sending letters to the location owners. These letters were referred to the operators who in turn contacted me. I referred the matter to Mr. Frank Calland who was the business agent for the local with whom we had a collective bargaining agreement. He told me that he would take care of the matter.

This went on for several weeks, and I was rather peeved, and I told Mr. Calland that it wasn't fair for our members to be subjected to such action on the part of any other union.

I was sitting in the office of the association one day, around 12 or 1 o'clock, and I received a call from Mr. Calland to the effect that Mr. Cagi and Mr. Lichtman were in his office and arranged to meet with me in my office in Brooklyn that very night at 5 o'clock.

I agreed.

As soon as I hung up the receiver I realized that they were just across the street, and I called up Frank Calland, and I said, "Why

not come over to the association office and we can discuss any matter you want here?"

Mr. Calland told me that they had already left and that the appointment was for 5 o'clock.

At 5 o'clock I went back to my office in Brooklyn and I found Mr. Lichtman and Mr. Cagi waiting there for me.

After I was in my office possibly 5 minutes, Mr. Frank Calland came in. And he came into my private office and he closed the door, and he stood against the door and he said, "Jimmy," referring to Jimmy Cagi, "what do you want and what are you looking for?"

Mr. Caggiano said, "Well, you are walking around with a loaf of bread under each arm and I want one loaf."

Then Mr. Calland said, "Come here, I want to talk to you." And he took him in the back of the office, which is a garage where we store our machines there and our cars. Suddenly I heard a crash and I said, "Oh, my God! One of the machines must have fallen down."

I ran in the back and I saw Mr. Cagi who was on the floor and there was another character there and this unknown character was giving Mr. Cagi quite a beating. I pleaded with this unknown character to remove himself from the premises.

Mr. KENNEDY. What did the beating consist of?

Mr. DENVER. Well, Mr. Cagi was on the floor, and all I saw was enough kicking in the stomach and the head.

Mr. KENNEDY. What was he saying to Caggiano as he was kicking him?

Mr. DENVER. He said, "You didn't listen and you wouldn't listen and you wouldn't take orders."

Mr. KENNEDY. He would kick him in the face?

Mr. DENVER. Oh, yes, he kicked him in the face.

Mr. KENNEDY. Did he grind his face into the floor?

Mr. DENVER. Well, he ground his face with the heel of his shoe.

Mr. KENNEDY. What did you do?

Mr. DENVER. Well, I got between them and I pleaded with him to get out of the place, because I saw Frank Calland standing there and he was beginning to foam at the mouth, and I said, "Do me a favor. I don't know who you are, but get out of here and get out fast and take Frank Calland out of here too."

So this character, and myself, we took Mr. Calland under the arms and we carried him to the door, and then I found another stranger there, and I never saw him before, and the two of them took Frank Calland out of the office.

Mr. KENNEDY. That was the end of it?

Mr. DENVER. That was the end of that, except for the fact that Mr. Cagi came into my private office and then he left.

Mr. KENNEDY. There was another man with the one that was kicking and beating Mr. Caggiano?

Mr. DENVER. There were two people that showed up.

Mr. KENNEDY. What did he say?

Mr. DENVER. The other fellow?

Mr. KENNEDY. Yes.

Mr. DENVER. He didn't say anything.

Mr. KENNEDY. What did he tell the office workers?

Mr. DENVER. He told my manager, or let me put it this way, my manager saw there was something wrong, and so he tried to walk toward the door to get out, and so this particular individual said, "Now look, be a nice boy, stay there, and nothing will be said and nothing will be done."

My man just stood there.

Mr. KENNEDY. So there were two people that were there evidently for the beating?

Mr. DENVER. Yes, sir.

Mr. KENNEDY. One of them kept your office manager in line and the other one went in and did the beating.

Mr. DENVER. Yes, sir.

Mr. KENNEDY. You didn't know anything about that, that this was going to transpire?

Mr. DENVER. Of course not.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CHURCH. Mr. Denver, if your present struggle with local 266, it doesn't come as any surprise to the members of this committee that underworld figures should have taken over, nor that they are affiliated with the Teamsters International, which seems to have become a kind of national refuge for scoundrels, but I do want to commend you for the determined resistance against this kind of intimidation that you are putting up. I think that that constitutes the surest defense against the spread of racketeering in any community and in any industry that we have.

I want to wish you every success in your efforts.

Yesterday we had the testimony of the counsel for the Retail Clerks, the regional counsel, who explained that that union has tried to make sure that local 1690 is a legitimate labor union interested in those legitimate objectives for which labor unions are formed.

I think if we are to have success in this field, it is going to take the joint efforts of those in the industry and those honest people who are involved in the union movement, and without that joint effort certainly the racketeers and the hoodlums are not going to be forced out.

So I want to commend you for coming here today, and for giving us the benefit of this testimony, and I want to wish you every success in your continued efforts in New York City.

Mr. DENVER. Thank you very much.

The CHAIRMAN. Is there anything further?

If not, call the next witness.

Mr. KENNEDY. Mr. Denver has testified as to the activities of these various unions who are competing to try to take over the operations in the coin-machine business. One of the most active was local 531, headed by Mr. Al Cohen, about whom we have had testimony, and about whom we are going to have further testimony. That local 531 was a local in the United Industrial Union, an international union, and so we felt that it would be helpful to the committee to call the international president of that union and have him give us testimony as to what the situation as far as the granting of the charter. I would like to call Mr. Joseph LaRocco.

The CHAIRMAN. Mr. LaRocco, come around.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LA ROCOCO. I do.

TESTIMONY OF JOSEPH LaROCCO, ACCOMPANIED BY COUNSEL,
JULIUS HELFAND

The CHAIRMAN. What is your name?

Mr. LaROCCO. Joseph LaRocco.

The CHAIRMAN. Where do you live, Mr. LaRocco?

Mr. LaROCCO. 2142 76th Street, Brooklyn.

The CHAIRMAN. What is your business or occupation, please?

Mr. LaROCCO. I refuse to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Mr. Counsel, what did you say his business is, or what his position is?

Mr. KENNEDY. International president of the United Industrial Union. It is an international union located at 1 Nevins Street, Brooklyn, N.Y. We understand he is also president of Production, Service & Warehouse Employees Union, Local 710, of the United Industrial Union.

The CHAIRMAN. You have heard the statement of counsel. Do you wish to deny that you hold these positions, or either of them?

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. Don't you think your refusal to answer incriminates the union itself, the international—the United Industrial Union? Don't you think it reflects upon it if you take the position you can't tell about being an officer in it without self-incrimination?

Wouldn't the implication be that there is something rotten in the thing?

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. I do not know what your members think of it, but I trust that a lot of them are decent people. But I would hate to be one of your members and have you as my president when you take a position that you cannot acknowledge that fact without self-incrimination.

All right, Mr. Counsel, proceed.

Wait a minute.

Counsel, will you identify yourself, please?

Mr. HELFAND. Julius Helfand, 1501 Broadway, New York City.

The CHAIRMAN. Proceed.

Mr. KENNEDY. The fact is, Mr. LaRocco, that your international union is virtually a paper international union, is it not?

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

Mr. KENNEDY. We have had discussions about paper locals, Mr. Chairman, but this is the first time we have had what really amounts to a paper international.

Isn't that correct, Mr. LaRocco?

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. Is this union, the United Industrial Union International, is it affiliated with the AFL-CIO?

(The witness conferred with his counsel.)

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. What information do we have?

Mr. KENNEDY. It is an independent union, Mr. Chairman.

The CHAIRMAN. I am glad to know it is not affiliated with the federation.

Proceed.

Mr. KENNEDY. Mr. Chairman, this is the first of several witnesses on some of these international unions which are formed and then grant charters out to locals. A number of these locals, as will be demonstrated, are locals which are controlled by gangsters, who then appear with placards and start to picket. It is a situation that we felt was important for the committee to understand.

The CHAIRMAN. What it amounts to, as I understand it, and you will be able to show from the proof, is that charters granted by unions of this character, like the one this witness represents, those charters simply become in effect a license to go out and exploit and to racketeer and commit these improper acts; is that correct?

Mr. KENNEDY. Another way to describe them, Mr. Chairman, is that they are really hunting licenses. They hunt not animals, but they hunt shops in order to either shake them down or to make some collusive arrangement with some employer. That is what they do amount to.

I would like to call Mr. Constandy, Mr. Chairman, to trace the development of this union as much as we can from the records that are available.

The CHAIRMAN. All right, Mr. Constandy.

Mr. KENNEDY. What information, Mr. Constandy—

The CHAIRMAN. You have been previously sworn?

Mr. CONSTANDY. Yes, I have.

Mr. KENNEDY. About this union and how long it has been in existence.

The CHAIRMAN. That is the United Industrial Union, International?

TESTIMONY OF JOHN P. CONSTANDY—Resumed

Mr. CONSTANDY. That is correct.

The international, according to Mr. LaRocco, has been in existence since 1937.

The CHAIRMAN. According to this witness?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. You got your information about that from him?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. All right. That was from the witness on the stand. Proceed.

Mr. CONSTANDY. I have before me the registration forms of the Department of Labor for 1950 through 1958. The forms for the years 1950, 1951, 1952, and 1953, on the reverse side, relative to the receipts and disbursements, each contain the notation "None" for each of those 4 years.

The CHAIRMAN. No receipts and no disbursements?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. That is the kind of reporting this union has been doing?

Mr. CONSTANDY. For those 4 years; yes, sir.

The CHAIRMAN. All right; proceed.

Mr. CONSTANDY. Nor are there any assets or liabilities listed for the same period. In each of these, the address of the international is 76 Court Street, Brooklyn.

On the registration form for the year 1954, the address is moved to 1040 McLean Avenue, Yonkers, N.Y., and we find a different set of officers.

On the reverse side of this form we again find that there have been no receipts or disbursements, and the notation has been entered that no moneys of any kind have been received.

The CHAIRMAN. In other words, that is for 5 years that it has received no money and paid out no money, according to its report?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. Who signed the report?

Mr. CONSTANDY. On the one for 1954, it was signed by the president, Mr. Gerard Perrault. Did you want it for the preceding years?

The CHAIRMAN. Yes.

Mr. CONSTANDY. In 1950 the form was signed by President George Levine. In 1951, likewise; in 1952, likewise; in 1953, likewise.

Continuing with the runthrough of these, the form for 1955, the international again moved, this time to 38 Park Road, New York. The president is Al Pollock, the secretary-treasurer Sidney Dubin, and the recording secretary Robert Dizinno.

For this year there again is listed no income and no assets.

The CHAIRMAN. That is 6 years now, beginning with 1950, that they have reported no income and no expenditures?

Mr. CONSTANDY. Yes, sir. On the form for 1956, which has been signed by Mr. LaRocco, we find that the receipts listed are \$75, with no disbursements, and total assets are \$75, and no liabilities for that year.

The CHAIRMAN. That is the present witness who signed that one?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. That is for 1956?

Mr. CONSTANDY. For 1956; yes, sir.

The CHAIRMAN. All right. The international union took in \$75?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. And paid out nothing?

Mr. CONSTANDY. That is right.

The CHAIRMAN. You have accounted for 7 years. In 6 years there was nothing taken in and nothing paid out, and in the 7th year they collected \$75, according to the report.

Mr. CONSTANDY. On the 1955 form, there is a notation to the effect that the union is inactive in 1955.

The CHAIRMAN. Inactive?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. Now we get to the part that directly involves this investigation.

The CHAIRMAN. They couldn't be very active if they weren't taking in any money or paying out any.

Go ahead.

Mr. KENNEDY. What occurred in the following year that is significant?

Mr. CONSTANDY. For one thing, the 1955 form contains the initiation fee and the regular dues of \$1. At the time that Mr. LaRocco signed the form, the initiation fee was changed to \$1 and the dues were dropped to 25 cents. That is one significant fact.

The fiscal period covered by the 1956 return runs from September 24, 1955, until August 31, 1956. The fiscal period of the preceding year ended July 31. Therefore, there was a gap in the fiscal period for the international of 3 months.

Mr. KENNEDY. Get into the chartering of local 531, Mr. Constandy, which is of significance to us. Local 531 then came into existence, is that right, in September of 1956?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. That is the local, Mr. Chairman, that we have had the testimony on, which was headed by Mr. Al Cohen.

Would it appear from the minutes that the union was reactivated in order to grant this charter to local 531?

Mr. CONSTANDY. Both from the minutes and the cash receipts and disbursements books which begin in August of that same year, 1956.

Mr. KENNEDY. Mr. Cohen began his operations in the coin machine business and tied up then with this so-called international union?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. Briefly tell us the inconsistencies about the chartering of this union.

Mr. CONSTANDY. I have before me a letter dated September 10, 1956, addressed to the UIU and signed by Al Cohen.

The CHAIRMAN. Addressed to whom?

Mr. CONSTANDY. Simply, UIU, 1 Nevins Street, Brooklyn, N.Y. Shall I read the letter?

Mr. KENNEDY. Just summarize it.

Mr. CONSTANDY. Well, the letter requests a charter and states that there will be a meeting between Mr. Cohen and the UIU on September 20. That letter is dated September 10.

On September 12, there is a letter from Mr. LaRocco to Mr. Cohen, acknowledging receipt of his letter and agreeing to the meeting on September 20.

The CHAIRMAN. Those two letters may be made exhibits No. 19A and 19B, in the order they were referred to.

(Letters referred to were marked "Exhibits 19A and 19B" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. Now I have before me the charter, issued to Electrical Equipment and Fabrication Employees Union, Local 531, which bears the notation, "Charter issued September 20, 1958," which is the same date as the meeting, according to the letters.

The CHAIRMAN. The charter may be made exhibit No. 19C.

(Charter referred to was marked "Exhibit No. 19C" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. What do the minutes show?

Mr. CONSTANDY. The minutes show the chairman on September 5 met with Al Cohen and a committee who requested a charter of the IUE. The letter requests a meeting on September 20, but the minutes of the international show the chairman met on September 5. The minutes then go on to state that the charter will be issued effective

September 10, 1956, but the charter bears the date September 20, the date of the meeting referred to in the letter.

Mr. KENNEDY. And the letter requesting the meeting was not sent until September 10?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. But the minutes would appear to indicate that this all occurred on September 5?

Mr. CONSTANDY. Yes. I would like to call attention, too, to the fact that there are only two preceding entries in the minutes of the international—I am sorry; there are three preceding minutes.

Mr. KENNEDY. Then 531 came into existence?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. And became 531 of the UIU, with Mr. Al Cohen as the president. Then they started to get membership, is that right? From then on the UIU began to receive some money?

Mr. CONSTANDY. Yes, according to the registration forms of the Department of Labor again, the income reported for the fiscal period July 1, 1956, to June 30, 1957, show dues amounting to \$1,386, with initiations at \$97. With initiations being \$1 apiece, it would indicate that there were 97 new members taken into the international during that period.

The report for 1958 shows income from dues at \$3,090.65. This could be divided at the rate of 25 cents per member per month. The income from initiations is listed at \$235, which, at \$1 apiece, would indicate 235 members for that year, July 1957 to June 1958, for a total of those listed in the two forms of 332.

Mr. KENNEDY. If all of them stayed in?

Mr. CONSTANDY. If all of them stayed in; yes.

Mr. KENNEDY. What about local 531? They became active, but how long did they remain active?

Mr. CONSTANDY. They remained active until the early part of 1957, when they were enjoined by supreme court action in New York County.

Mr. KENNEDY. Did Mr. LaRocco also tell us about Local 815 of the Cafeteria and Restaurant Employees of the UIU?

Mr. CONSTANDY. Mr. LaRocco mentioned that there were eight employees at the Olean Restaurant which were members of local 710, of which Mr. LaRocco was president; that a new local, local 815, was chartered really to service these eight employees, who were employees of a Japanese restaurant, which is the only distinguishing feature with them.

The secretary, as reported to Mr. Kelly of our staff, was the U.S. mailman who services the office of the international, and Mr. LaRocco, through Mr. Kelly, stated the mailman is active in organizational work on his route.

Mr. KENNEDY. And this local union, which has eight members?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. And the U.S. mailman who brings the mail to the office is the secretary-treasurer of the union, while delivering the mail he is supposed to also try to attempt to organize the employees?

Mr. CONSTANDY. Yes.

Mr. KENNEDY. Is there anything about this, Mr. LaRocco, that you wish to tell us?

**TESTIMONY OF JOSEPH LaROCCO, ACCOMPANIED BY COUNSEL,
JULIUS HELFAND—Resumed**

Mr. LaROCCO. No.

Mr. KENNEDY. Was the union reactivated in order to set Mr. Al Cohen up in the business of attempting to organize the coin-machine employees in the New York City area?

Mr. LaROCCO. I refuse to answer on the ground that the answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Call the next witness.

Mr. KENNEDY. Mr. Morris.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORRIS. I do.

TESTIMONY OF HAROLD MORRIS

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MORRIS. My name is Harold Morris. I live at 745 Park Lane, East Meadow, Long Island. I am a self-employed mechanic. I do service work for various operators in the business.

The CHAIRMAN. Various operators in what business?

Mr. MORRIS. In the jukebox and game business.

The CHAIRMAN. Do you waive counsel?

Mr. MORRIS. Yes.

Mr. KENNEDY. Mr. Chairman, this witness has been an employee active in the jukebox business for a number of years, and has had a considerable amount of experience with various unions that we have discussed in the past and which we will continue to discuss. So his testimony is important along those lines.

In 1947, Mr. Morris, you worked for the Emby Co., which was a company operated and owned by Meyer Lansky.

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. And they distributed the Wurlitzer machine, and you worked as a repairman on their machine route?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. At that time they had union labels on their machines?

Mr. MORRIS. Yes.

Mr. KENNEDY. Were you a member of the union?

Mr. MORRIS. No.

Mr. KENNEDY. Were any of your fellow employees members of the union?

Mr. MORRIS. I don't know.

Mr. KENNEDY. Did you understand any of them were?

Mr. MORRIS. I believe none of them were.

Mr. KENNEDY. But you certainly were not a member of the union?

Mr. MORRIS. That is right.

Mr. KENNEDY. Do you know how it was arranged, therefore, for all of the machines of Mr. Lansky to have union labels?

Mr. MORRIS. No.

Mr. KENNEDY. Then you went to work in 1948 for George Briggs; after Mr. Lansky disposed of his interest, is that right?

Mr. MORRIS. Yes.

Mr. KENNEDY. He is a jukebox operator in Brooklyn?

Mr. MORRIS. Yes.

Mr. KENNEDY. At that time, the union required 1 union man for every 50 machines; is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. The owner was the union man?

Mr. MORRIS. Yes, he was listed as one.

Mr. KENNEDY. Were you a member of the union?

Mr. MORRIS. No.

Mr. KENNEDY. Just the owner and then he had one other employee?

Mr. MORRIS. That is right.

Mr. KENNEDY. They were in the union and you were not?

Mr. MORRIS. That is right.

Mr. KENNEDY. Why weren't you in the union?

Mr. MORRIS. He felt he would rather pay for himself, and I was with him almost 3 years and all this time he paid for himself and the one other employee.

Mr. KENNEDY. Then in 1951 you went to work for another jukebox operator by the name of Kramer?

Mr. MORRIS. That is right.

Mr. KENNEDY. He had some 70 jukeboxes and 5 games?

Mr. MORRIS. That is right.

Mr. KENNEDY. Mr. Kramer had you do all the work; is that right? You were the sole employee?

Mr. MORRIS. That is right.

Mr. KENNEDY. His machines also had union labels?

Mr. MORRIS. Yes, sir.

Mr. KENNEDY. Were you a member of the union?

Mr. MORRIS. No.

Mr. KENNEDY. And you were the only employee?

Mr. MORRIS. That is right.

Mr. KENNEDY. Then in November of 1951 you went to work for the Union Automatic Music Co.?

Mr. MORRIS. Yes.

Mr. KENNEDY. And they had some 300 union label jukeboxes?

Mr. MORRIS. That is right.

Mr. KENNEDY. Were you ever asked to join the union? Did you become a member of the union then?

Mr. MORRIS. No.

Mr. KENNEDY. You did not. You were asked to join the union in 1952 by the head of local 1690, Mr. Schlang?

Mr. MORRIS. Yes.

Mr. KENNEDY. And you didn't join?

Mr. MORRIS. That is right.

Mr. KENNEDY. Yet all of his machines had union labels?

Mr. MORRIS. That is right.

Mr. KENNEDY. Then in 1952 you obtained some of your own machines while working as a freelance mechanic?

Mr. MORRIS. No. I was working for Union Automatic and I placed some machines.

Mr. KENNEDY. While you were working for a company called the Union Automatic Music Co., which we just mentioned, you also set up your own route; is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. Afterward, in 1953, you joined the association?

Mr. MORRIS. During that time, I also bought a route, during that time, and then I left Union Automatic and I had my own machines to take care of. Then I joined the association.

Mr. KENNEDY. Then you bought 16 locations from a man by the name of—

Mr. MORRIS. That is the machines I bought.

Mr. KENNEDY. First you had 10 machines, and then you had 16 more locations which you bought from a man by the name of Vito Pepi?

Mr. MORRIS. That is right.

Mr. KENNEDY. Vito Pepi was in the union?

Mr. MORRIS. Yes.

Mr. KENNEDY. After he sold these locations to you, what arrangements did you make?

Mr. MORRIS. I paid his dues in the union.

Mr. KENNEDY. In his name?

Mr. MORRIS. In his name.

Mr. KENNEDY. After he had sold it to you?

Mr. MORRIS. That is right.

Mr. KENNEDY. And you received the labels?

Mr. MORRIS. I received the labels, and I put the labels on the machines.

Mr. KENNEDY. This was a route that you had purchased and you just continued to pay in his name the dues to the union?

Mr. MORRIS. That is right.

Mr. KENNEDY. The union and union officials were not very interested in what was going on, obviously.

Mr. MORRIS. No.

Senator CHURCH. In other words, the whole time that you were an employee in this business, for one operator or another, you never were a member of the union although the machines on which you worked all bore union labels?

Mr. MORRIS. That is correct.

Senator CHURCH. Once you became an operator and the owner of some machines, then you commenced paying dues into the union for the first time?

Mr. MORRIS. That is correct.

Mr. KENNEDY. During this period of time, there were a number of different unions that were active in this field, or was this mostly 1690?

Mr. MORRIS. No, there were some prior unions to it. Mike Calland's union, 786, and then another one, and then 1690.

Mr. KENNEDY. So there were three or four different unions?

Mr. MORRIS. That is right.

Mr. KENNEDY. And the Association of Music Operators of New York?

Mr. MORRIS. Yes.

Mr. KENNEDY. Then in May 1953 you finally broke down and joined local 1690; is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. And you paid \$27 initiation fees and \$5 monthly dues, is that right, 40 or 45 cents on each machine?

Mr. MORRIS. Yes.

Mr. KENNEDY. At that time did you tell the union that you owned this other route that had belonged to Mr. Pepi and that you had been paying in his name?

Mr. MORRIS. That is right. That is when we transferred them over.

Mr. KENNEDY. What did the union officials say about that?

Mr. MORRIS. They suggested that I go up and straighten myself out with the association.

Mr. KENNEDY. They said you shouldn't be doing that without the association's permission?

Mr. MORRIS. Not with permission, but just to straighten myself out with them and join the association.

Mr. KENNEDY. Was he upset that you had been paying these dues in Pepi's name and hadn't made any arrangements?

Mr. MORRIS. No. They had known I was doing that.

Mr. KENNEDY. He just sent you up to the association?

Mr. MORRIS. That is right.

Mr. KENNEDY. Did you straighten yourself out with the association?

Mr. MORRIS. Yes.

Mr. KENNEDY. Did anybody from the association tell you what advantage it would give to you about not permitting jumping and things like that?

Mr. MORRIS. Well, they said there was a bond and one member wouldn't jump another member's location, and with the union the union would picket any nonmember, so therefore, you were covered in two or three different ways.

Mr. KENNEDY. So it was a very nice arrangement, belonging to the association.

Mr. MORRIS. Yes.

Mr. KENNEDY. You were told that by, among others, Mr. Nash Gordon, who was the office manager?

Mr. MORRIS. That is right.

Mr. KENNEDY. Then you also had a conversation with Mr. Denver and Mr. Schlang, who was head of local 1690, along the same lines?

Mr. MORRIS. That is right.

Mr. KENNEDY. About the union providing the pickets. Then in October 1954, you lost your job with the Union Automatic Music Co.; is that right?

Mr. MORRIS. Yes.

Mr. KENNEDY. And when you lost your job, you were operating your own business, your own route, but then did you lose some locations?

Mr. MORRIS. That is right.

Mr. KENNEDY. And then did you complain to the union at that time?

Mr. MORRIS. Yes, I complained to the union and they said they couldn't do anything. I complained to Mr. Denver and he said he couldn't do anything, either.

Mr. KENNEDY. So did you get out of the union then?

Mr. MORRIS. Yes. I stopped paying dues.

Mr. KENNEDY. Both union and the association?

Mr. MORRIS. Yes.

Mr. KENNEDY. Because they didn't help you?

Mr. MORRIS. That is right.

Mr. KENNEDY. Why did they say they couldn't do anything for you?

Mr. MORRIS. Why? I don't know.

Mr. KENNEDY. Was it some particular operator that jumped your location?

Mr. MORRIS. I believe that was the main reason.

Mr. KENNEDY. Did he have some connections that made it possible?

Mr. MORRIS. It is possible.

Mr. KENNEDY. What?

Mr. MORRIS. It is possible that he had some connections.

Mr. KENNEDY. Did you understand that?

Mr. MORRIS. No, I didn't.

Mr. KENNEDY. Did you understand why they couldn't help you?

Mr. MORRIS. No.

The CHAIRMAN. Well, they were supposed to, were they not?

Mr. MORRIS. Yes, they were supposed to.

The CHAIRMAN. Didn't you try to find out why they wouldn't?

Mr. MORRIS. I tried to find out why, but I couldn't find out why. I felt I am a small operator, I had no money, and that is why I felt they didn't want to do anything for me. Who the man was that jumped me must have been a bigger man than me, and I was just a small wheel and couldn't do anything.

The CHAIRMAN. In other words, you didn't get the protection you paid for?

Mr. MORRIS. That is right.

The CHAIRMAN. Did they make an effort to protect you?

Mr. MORRIS. No.

The CHAIRMAN. In other words, you were just so small that somebody else was going to take it over and run it anyhow, and they would continue to get the money?

Mr. MORRIS. That is right.

The CHAIRMAN. You are the only one that lost in the transaction?

Mr. MORRIS. That is right.

Mr. KENNEDY. And subsequently you understood from conversations that Mr. Denver gave out a list of your locations to various other operators and suggested that they jump your locations?

Mr. MORRIS. That is right.

Mr. KENNEDY. That is after you got out of the association?

The CHAIRMAN. Who did that?

Mr. MORRIS. One of the operators went around soliciting my locations and I spoke to him and he said that he got my list from the association, from Mr. Denver, and the association.

The CHAIRMAN. That is the witness who just testified here a few moments ago?

Mr. DENVER. That is right.

Mr. KENNEDY. Then you lost, what, two or three locations?

Mr. MORRIS. That is right.

Mr. KENNEDY. Were you ever asked to belong to local 531 of the UIU?

Mr. MORRIS. No.

Mr. KENNEDY. That was the local that we just discussed, Mr. Chairman, which was run by Mr. Al Cohen.

Is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. During a dispute between the Music Operators of New York and 1690 on one side, against local 531, the union that was run by Mr. Cohen, were you called down as a witness?

Mr. MORRIS. Yes.

Mr. KENNEDY. At that time you were doing work on behalf of Harold Kauffman; is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. And Harold Kauffman had this arrangement with Mr. Cohen?

Mr. MORRIS. That is right.

Mr. KENNEDY. And Mr. Kauffman was a partner, Mr. Chairman, of Miami Phil, who we discussed yesterday.

When you went down there as a witness, were you a member of local 531?

Mr. MORRIS. No.

Mr. KENNEDY. Did you meet Mr. Cohen?

Mr. MORRIS. Yes, I met Mr. Cohen.

Mr. KENNEDY. Did he tell you to go in and testify that you were a member of 531?

Mr. MORRIS. Yes. He told me that he considered me a member.

Mr. KENNEDY. Did he show you a card?

Mr. MORRIS. He showed me a card.

Mr. KENNEDY. And had you signed that card?

Mr. MORRIS. No.

Mr. KENNEDY. Did you go in and testify?

Mr. MORRIS. Yes.

Mr. KENNEDY. Did you testify you were a member of 531?

Mr. MORRIS. Yes.

Mr. KENNEDY. You testified that you were, although you were not?

Mr. MORRIS. Well, he told me that since he was the president of the union he considered me a member, and I testified as such.

Mr. KENNEDY. You never knew that you were a member up until that time?

Mr. MORRIS. That is right.

Mr. KENNEDY. And this was not your signature on the card?

Mr. MORRIS. That is right.

Mr. KENNEDY. Mr. Cohen was the one that suggested, however, that you go in and testify in these court proceedings?

Mr. MORRIS. No, he said he considered me a member and I testified as such.

Mr. KENNEDY. Is that the reason you were down there, to testify?

Mr. MORRIS. That is right. And I also had to testify on who owned which machines and who paid for which machines, et cetera.

Mr. KENNEDY. When local 19 was being set up, were you invited to a meeting in connection with that union?

Mr. MORRIS. Yes.

Mr. KENNEDY. And you did not go; is that right?

Mr. MORRIS. That is right.

Mr. KENNEDY. Did you understand that there were some underworld figures connected with the union, local 19?

Mr. MORRIS. After I received the invitation, I checked into it and I decided from the different people I called up I found out that they possibly did have some underworld connections with that meeting.

Mr. KENNEDY. Were you scared to go?

Mr. MORRIS. Yes.

Mr. KENNEDY. Did you find ultimately at one of the meetings that at this meeting of this so-called local union that they had guns on the table?

Mr. MORRIS. That is one of the reports that I had received.

Mr. KENNEDY. Subsequently, in February 1958, you decided to form an association amongst yourselves?

Mr. MORRIS. Yes. We had a couple of meetings of all the freelance mechanics, mechanics doing work for other operators, and decided to form an association of freelance mechanics.

Mr. KENNEDY. At that time, after you formed this association, did Mr. Jacob come down to see you?

Mr. MORRIS. Yes. Mr. Jacob came down.

Mr. KENNEDY. One of the Jacob brothers?

Mr. MORRIS. Yes.

Mr. KENNEDY. Did he tell you at that time that you should join up with local 266 of the Teamsters?

Mr. MORRIS. Yes. He suggested that I join, myself, and bring our association, all the members, into 266.

Mr. KENNEDY. Did he say that local 266 was going to be the major power in the area?

Mr. MORRIS. Yes. He said 266 would be the major power and they would provide benefits for the members.

Mr. KENNEDY. How were they going to provide benefits for the members if you were all self-employed?

Mr. MORRIS. Well, he couldn't give me a straight answer on that.

Mr. KENNEDY. Did he tell you that local 266 would be able to put pressure on locations, stop deliveries?

Mr. MORRIS. Yes.

Mr. KENNEDY. And picket locations very effectively?

Mr. MORRIS. Yes.

Mr. KENNEDY. And force people to make arrangements?

Mr. MORRIS. Yes. He said that they could picket, they could stop the beer deliveries, and force the operator and the location owner to toe the line.

Mr. KENNEDY. Did you understand that he was the one that had originally been behind local 19 and subsequently was the one that was behind local 266?

Mr. MORRIS. Well, I just surmised that he was with 19. I don't know if he was behind it, but I know that he was with it.

Mr. KENNEDY. Just as a general summary, the majority of the employees gained nothing from the union, or the employees themselves didn't get anything out of the union?

Mr. MORRIS. That is right; 1960 isn't a wonderful union. In the 10 years they have been in existence they have not given the em-

ployees practically anything. They never even let the employees see a copy of the collective bargaining agreement.

With this new trusteeship, they haven't done anything for the employees either. None of the employees of the business have received any benefits. They have one benefit they may have received. There is hospitalization which pays \$10 a day while in the hospital, they may have received, and there is a death benefit.

Those are the only two benefits that some of the employees may have received.

Other than that, I doubt if there are other benefits that they know about. They don't even know about these benefits because they can't see the collective bargaining agreement.

MR. KENNEDY. And a lot wouldn't know if they were in the union or not?

MR. MORRIS. That is right. A lot of them don't know who carries the book in the company they work for and who is paying dues for what. Until recently, when the investigation started, they started to add the money to the employee's salary and then deduct it so it would legally look correct.

MR. KENNEDY. But prior to the investigation, the owner or the employer himself was paying the dues and paying all the other things?

MR. MORRIS. That is right.

MR. KENNEDY. So the employee knew nothing about the operations of the union?

MR. MORRIS. That is right.

MR. KENNEDY. It was just for the benefit of the operators?

MR. MORRIS. That is right.

MR. KENNEDY. That is all.

THE CHAIRMAN. Have you any questions, Senator?

SENATOR CHURCH. I have no questions, Mr. Chairman.

THE CHAIRMAN. All right. Thank you very much.

Call the next witness.

MR. KENNEDY. Mr. McCann.

THE CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. McCANN. I do.

TESTIMONY OF JAMES G. McCANN

THE CHAIRMAN. State your name, your place of business, and where you live, and your business or occupation, please.

MR. McCANN. My name is James McCann. I live at 1710 St. Peters Avenue, Bronx, N.Y. I go under the business of McCann Amusement Company, Inc., 16 Mt. Vernon Avenue, Mount Vernon, N.Y.

THE CHAIRMAN. You waive counsel, do you?

MR. McCANN. Yes.

MR. KENNEDY. Mr. Chairman, this witness' testimony is of some significance, again, in connection with the operations of the union.

You and your family owned the Club Tremont?

MR. McCANN. Club Tremont, Inc.

Mr. KENNEDY. That was in 1955?

Mr. McCANN. That is right.

Mr. KENNEDY. That is a bar and grill?

Mr. McCANN. That is correct.

Mr. KENNEDY. In that bar and grill there was a game machine owned by an operator by the name of Harry Schildkraut?

Mr. McCANN. That is right.

Mr. KENNEDY. You also had a jukebox owned by an operator by the name of Joe Hannon?

Mr. McCANN. That is right.

Mr. KENNEDY. You had both the game machine and the jukebox?

Mr. McCANN. Yes.

Mr. KENNEDY. First, talking about the game machine, you had no written contract in connection with the game machine; is that right?

Mr. McCANN. No written contract.

Mr. KENNEDY. Did you tell the man, the owner, of the game machine that you wanted him to remove the game because you wanted to purchase and install your own game?

Mr. McCANN. Yes. I wanted to install my own game, so I asked him to remove his game, being we had no written contract, and he said that if I put my own game in, I would be picketed by 1690 union.

The CHAIRMAN. By what?

Mr. McCANN. By 1690.

Mr. KENNEDY. Local 1690?

Mr. McCANN. That is correct.

Mr. KENNEDY. Why did he say that you would be picketed?

Mr. McCANN. Well, he said it was his location.

Mr. KENNEDY. Are you sure it would be 1690 that would picket you for the game?

Mr. McCANN. 1690. No, wait, 433, that is right.

Mr. KENNEDY. For the game?

Mr. McCANN. Yes.

The CHAIRMAN. What?

Mr. McCANN. Local 433. 1690 is the jukebox union.

Mr. KENNEDY. We will come to that.

He told you that if you tried to put your own machine in there you would be picketed?

Mr. McCANN. That is what he said.

Mr. KENNEDY. What did you do?

Mr. McCANN. I gave him \$150 and he guaranteed I would have no picket.

Mr. KENNEDY. And he removed his machine?

Mr. McCANN. He removed his machine. I, in turn, bought my own and operated my own machine in my own place.

The CHAIRMAN. Who did you pay that money to?

Mr. McCANN. Harry Schildkraut of the Chipson Amusement Co.

Mr. KENNEDY. In order to get him to remove the machine from your own premises, you had to pay him \$150?

Mr. McCANN. That is right, under threat of the picket.

Mr. KENNEDY. What about the jukebox? Did you want to remove the jukebox?

Mr. McCANN. Later on I decide to buy my own jukebox.

Mr. KENNEDY. Did you have a written contract with the operator of the jukebox?

Mr. McCANN. No written contact, no.

Mr. KENNEDY. What happened on that? Well, what kind of an agreement did you have with them?

Mr. McCANN. I did have a verbal agreement with Joe Hannon, of Gordon Amusement Co., that he would receive the first \$15 that the machine would make. The machine was only making around \$15 per week; \$15, \$16, \$14, and I wasn't making any money at all from the machine.

Mr. KENNEDY. Do you mean if it made \$16, for instance, you would get 50 percent—

Mr. McCANN. Fifty percent of anything over the first \$15.

Mr. KENNEDY. What was the average that it was making?

Mr. McCANN. Around \$15 or \$16.

Mr. KENNEDY. What if it made \$12?

Mr. McCANN. Then he would take the \$12.

Mr. KENNEDY. What would he tell you?

Mr. McCANN. Well, he just took the \$12.

Mr. KENNEDY. Did he tell you anything about the \$3?

Mr. McCANN. Well, no, he just said he would take the whole \$12.

Mr. KENNEDY. You got nothing out of it?

Mr. McCANN. That is right.

Mr. KENNEDY. You decided to replace it?

Mr. McCANN. I decided to buy my own machine.

Mr. KENNEDY. What happened?

Mr. McCANN. He said if I bought my own machine, I would run into union difficulties. That is where 1690 came in.

Mr. KENNEDY. That was local 1690?

Mr. McCANN. Correct.

Mr. KENNEDY. So what did you do? Did you offer to join the union?

Mr. McCANN. I did offer to join the union, but they told me I would have to have a minimum of 20 machines in order to join.

Mr. KENNEDY. Did you ever talk to any union official?

Mr. McCANN. I believe I spoke to Mr. Howard Henry.

Mr. KENNEDY. He is the treasurer?

Mr. McCANN. I came down from my store.

Mr. KENNEDY. Did you speak to him at that time and say that you would join the union?

Mr. McCANN. I did speak to him about it. Being I only had one machine, he said I couldn't join the union with one machine.

Mr. KENNEDY. Did you offer to hire a union mechanic?

Mr. McCANN. I offered to, but he said I couldn't do that, because I, myself, was not a member of the association.

Mr. KENNEDY. Did you say to him anything about the difficulty of getting 20 locations?

Mr. McCANN. I told him if it was that difficult for me to acquire my own machine on my own premises, it would be very difficult for me to get the 20 locations. He just laughed.

Mr. KENNEDY. How did you finally resolve that?

Mr. McCANN. He said if I could make a settlement with Hannon, then everything would be all right. I made the settlement with Mr. Hannon. I gave him \$175 and he removed his machine and I in turn bought my own.

Mr. KENNEDY. Did he agree there would be no picket line?

Mr. McCANN. Yes.

The CHAIRMAN. Have you ever joined either the union or the association?

Mr. McCANN. I did later on.

Senator CHURCH. When did all this happen? First of all, you talked about the game machine and then the jukebox. Can you tell us what the dates were? Just approximately.

Mr. McCANN. The exact dates I don't know.

Senator CHURCH. Or what year it was?

Mr. McCANN. I think it was 1955.

Senator CHURCH. With respect to both?

Mr. McCANN. No. I think it was about 6 months or maybe a year later on, between the game and the jukebox.

Senator CHURCH. So you had this game machine in 1955, and about 6 months later you had trouble with the jukebox?

Mr. McCANN. Yes.

Senator CHURCH. Did you have any difficulty buying these machines?

Mr. McCANN. No. No difficulty.

Senator CHURCH. Where did you buy them?

Mr. McCANN. Right on 10th Avenue where they sell machines. I just went down and bought one, with no difficulty.

Senator CHURCH. The machines you bought, then, were new machines?

Mr. McCANN. I bought new machines; yes.

The CHAIRMAN. Did you find them profitable afterward?

Mr. McCANN. Pardon?

The CHAIRMAN. Did you find them profitable after you bought them?

Mr. McCANN. Yes.

Mr. KENNEDY. Subsequently you sold the bar; is that right?

Mr. McCANN. That is right.

Mr. KENNEDY. That was at the end of 1955 that you sold the bar?

Mr. McCANN. Yes; 1955 I sold it.

Mr. KENNEDY. And you started an amusement company of your own?

Mr. McCANN. That is correct.

Mr. KENNEDY. You thought that this sounded so profitable?

Mr. McCANN. Well, the machines in my place were doing very good, because I was probably pushing the machines myself, but then I decided to go into the business myself.

Mr. KENNEDY. Did you make the same deal with the new bar owner about getting the first \$15?

Mr. McCANN. I did. I did make the same deal with him, but after the first couple of weeks he realized the machine was only doing around \$15 a week and I made it 50-50.

Mr. KENNEDY. So what arrangement did you make then?

Mr. McCANN. A 50-50 proposition.

Mr. KENNEDY. You gave him a better deal than you had gotten?

Mr. McCANN. Yes. Even though I did have a contract with him for the \$15, when I sold the bar I had a written agreement with him, that I receive the \$15. But actually it was only doing \$15, so I couldn't collect that kind of money from him.

Mr. KENNEDY. During the first year in business for yourself, you jumped other locations and you were able to get 15 spots; is that right?

Mr. McCANN. I did; yes.

Mr. KENNEDY. During that period, you were nonunion and self-employed?

Mr. McCANN. Correct.

Mr. KENNEDY. Here is another extremely important point.

I guess you sold that bar in July of 1955?

Mr. McCANN. July of 1955; yes.

Mr. KENNEDY. In September of 1955, you went to the Parkchester Inn in the Bronx?

Mr. McCANN. Yes.

Mr. KENNEDY. And did you get a machine placed there?

Mr. McCANN. I did. I made an agreement with the owner.

Mr. KENNEDY. Was that a game machine?

Mr. McCANN. A game machine.

Mr. KENNEDY. What happened there?

Mr. McCANN. Well, there was a picket put on.

Mr. KENNEDY. After you took it over?

Mr. McCANN. That is right.

Mr. KENNEDY. And that was from local 433 of the Retail Clerks?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. They put a picket line on, and somebody else's game machine was replaced by yours?

Mr. McCANN. That is right.

Mr. KENNEDY. So what happened then?

Mr. McCANN. Well, the picket was on for quite a period of time, and then the owner started to complain about the picket, and so I made an agreement and I paid \$100 to the operator who had the machine in there previously, and then the picket was removed.

Mr. KENNEDY. You never became union yourself?

Mr. McCANN. Not up to that time.

Mr. KENNEDY. You didn't become union at that time?

Mr. McCANN. At that time, no.

Mr. KENNEDY. You just paid \$100 to the former location owner, and then the picket was removed?

Mr. McCANN. That is correct.

Mr. KENNEDY. Once again showing that the picket was placed there not to try to get the people to sign up, but in order to help the operator.

The CHAIRMAN. It was a shakedown, that is what it was, wasn't it?

Mr. McCANN. It was for the protection of the operator, that is what the union was for.

It was to protect locations.

Mr. KENNEDY. The union was run by Mr. Al Cohen and Mr. Caggiano.

The CHAIRMAN. The operator had already sold out?

Mr. KENNEDY. No, this is a location where he went in and gave the location owner a better deal. Then they took his game machine and threw the other game machine out, and the picket line appeared; and then when he paid the other operator \$100, the picket was removed.

Then, at the Club 988 in the Bronx, you jumped a location there?

Mr. McCANN. I did.

Mr. KENNEDY. They had a collective bargaining agreement, the former operator, with Local 1690 of the Retail Clerks?

Mr. McCANN. I believe he did.

Mr. KENNEDY. The picket appeared?

Mr. McCANN. They picketed the place for about maybe 2 to 3 months, but it was a night club, and the picketing was done in the daytime and it didn't do any harm.

Mr. KENNEDY. And then they went away; is that right?

Mr. McCANN. Then he finally went away.

Mr. KENNEDY. And you didn't join the union?

Mr. McCANN. Not at that time, no.

Mr. KENNEDY. And then you joined Local 433 of the RCIA in September of 1956; is that right?

Mr. McCANN. Yes.

Mr. KENNEDY. And you joined up with Seymour Howard and the M. & H. Vending Co. to do business in the jukebox field?

Mr. McCANN. That is right.

Mr. KENNEDY. Now, M. & H. at that time had no union membership initially?

Mr. McCANN. Not that that time.

Mr. KENNEDY. And you started jumping locations; is that right?

Mr. McCANN. Yes.

Mr. KENNEDY. And paying bonuses to location owners?

Mr. McCANN. Wherever there was no contract involved.

Mr. KENNEDY. And when you jumped locations where there were contracts with local 1690, or had 1690 members, the representative of the local came out and threatened to picket?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. Now, in December of 1956 you were approached by Mr. Moe Bloom, an operator who was a local 1690 association member?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. And he wanted you to go to see Al Cohen about joining 531 of the UIU?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. Did you go down and see Mr. Cohen?

Mr. McCANN. I did.

Mr. KENNEDY. Could you tell us what happened?

Mr. McCANN. He told me he was going to form a new union, and he asked me if I wanted to join.

Mr. KENNEDY. So did you?

Mr. McCANN. Yes, I did.

Mr. KENNEDY. He said he could guarantee there would be no picketing?

Mr. McCANN. Yes, and he said it would be nice forming a new union and I wouldn't have any picketing by the other union because I already belonged to this union.

Mr. KENNEDY. And he would make it possible for you to go out and solicit stops?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. And that you wouldn't have any trouble from any union?

Mr. McCANN. That is right.

Mr. KENNEDY. And you would not have to pay any dues at that time?

Mr. McCANN. He said at that time, no.

Mr. KENNEDY. And that all locations that you got you could keep; is that right?

Mr. McCANN. That is correct.

Mr. KENNEDY. But he suggested or told you that there were three companies that you shouldn't take locations from?

Mr. McCANN. Yes.

Mr. KENNEDY. What companies were they?

Mr. McCANN. Well, he said they were big operators, that he was hoping they would go along with his union or join his union later on, and I don't remember exactly the names.

Mr. KENNEDY. Was it the LaSalle?

Mr. McCANN. It was LaSalle and Paramount.

Mr. KENNEDY. That is the one owned by Mr. Breheney?

Mr. McCANN. Yes.

Mr. KENNEDY. And Paramount?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. That is owned by Mr. Miniacci?

Mr. McCANN. Yes.

Mr. KENNEDY. It is of some interest about Mr. Miniacci, Mr. Chairman, and he owns Paramount. He was the individual to whose party Frank Costello was going the night that he was shot in the head. And then Regal, that was another company that it was suggested that you stay away from?

Mr. McCANN. I believe so.

Mr. KENNEDY. That is owned by Mr. Charles Bernoff?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. And he will play a very important role in the hearings at a later time. He gave you labels from 531?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. And you paid no dues, and he just gave you 100 or so labels?

Mr. McCANN. To put them on the machines.

Mr. KENNEDY. Nobody was paying dues?

Mr. McCANN. I didn't pay any, and I don't believe anyone paid at that time.

Mr. KENNEDY. You never got a union membership card?

Mr. McCANN. I don't recall.

Mr. KENNEDY. Now, in January of 1957, he asked for a check from your company for dues?

Mr. McCANN. Yes.

Mr. KENNEDY. And you gave him a \$16 check?

Mr. McCANN. I gave him a \$16 check.

Mr. KENNEDY. Neither one of those checks for some reason has ever been cashed?

Mr. McCANN. No; they never have been cashed.

Mr. KENNEDY. And then I have another incident I want to ask you about, the Midnight Cafe. About May of 1957 you secured a location from the new owners of a cafe, two brothers by the name of Masselli.

Mr. McCANN. That is right.

Mr. KENNEDY. And you paid a \$450 bonus; is that right?

Mr. McCANN. That is correct.

Mr. KENNEDY. And entered into a contract to place a jukebox and a cigarette machine?

Mr. McCANN. That is correct.

Mr. KENNEDY. Now, the operator under the former cafe owner was the Metro-Urban Music Co.?

Mr. McCANN. Yes.

Mr. KENNEDY. Metro-Urban Music Co.?

Mr. McCANN. Yes, sir.

Mr. KENNEDY. Now, that company had been owned by a man by the name of Yargo.

Mr. McCANN. I believe so.

Mr. KENNEDY. And also a man by the name of Sam Balanca. Yargo's name is spelled Y-a-r-g-o. Did you understand that Mr. Yargo and the owners of this company that formerly had the location, came in and had a talk with the Masselli brothers?

Mr. McCANN. Yes; they did.

Mr. KENNEDY. Did Mr. Cohen come to you also?

Mr. McCANN. Yes.

Mr. KENNEDY. And did he suggest that you give up the location?

Mr. McCANN. Well, he suggested that I give back the location.

Mr. KENNEDY. Did he indicate that there were some gangsters behind this company?

Mr. McCANN. No; he just said it was a friend of his, and he asked me if I would give back the location and do him a favor.

Mr. KENNEDY. Did you understand that the Massellis became very frightened?

Mr. McCANN. Well, yes; they were new in the business, and they were scared of all of the changing machines.

Mr. KENNEDY. Did you agree to give it back?

Mr. McCANN. No.

Mr. KENNEDY. Do you know what their relationship was between the union official, Mr. Cohen, who tried to get this location back for the former owner?

Mr. McCANN. No.

Mr. KENNEDY. Did you know that at least one of the owners, Mr. Balanca, has had eight arrests and two convictions?

Mr. McCANN. I didn't know that.

Mr. KENNEDY. Did you understand that there were some underworld figures behind this company?

Mr. McCANN. I didn't know that for sure.

Mr. KENNEDY. Did you hear any discussion about that?

Mr. McCANN. Well, you hear things, but you don't believe what you hear, not all of the time.

Mr. KENNEDY. But you kept the location?

Mr. McCANN. I kept the location.

The CHAIRMAN. Thank you, sir.

The committee will stand in recess until 2:15.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 12:25 p.m., the select committee recessed, to reconvene at 2:15 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, we expect to hear some six witnesses this afternoon, and we are going further into this development and then the operations of the union and connections that some of these unions had, and the first witness is Mr. Charles Guerci.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GUERCI. I do.

TESTIMONY OF CHARLES GUERCI

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GUERCI. My name is Charles Guerci, 28-35 153d Street, Flushing, N.Y.

The CHAIRMAN. Did you tell us what your business is?

Mr. GUERCI. Restaurant business.

The CHAIRMAN. The restaurant business?

Mr. GUERCI. Yes, sir.

The CHAIRMAN. Will you proceed.

Mr. KENNEDY. Mr. Guerci, you have been in the restaurant business most of your life, except for a few years that you took off?

Mr. GUERCI. That is right.

Mr. KENNEDY. You became a union official in the intervening years; is that right?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. You were in the restaurant business. Prior to being in the restaurant business you ran a speakeasy?

Mr. GUERCI. I will say, "Yes."

The CHAIRMAN. What is a speakeasy? That is where you tread lightly to get what you want?

Mr. KENNEDY. You ran a speakeasy during prohibition days, called the College Inn, in New York City?

Mr. GUERCI. That is correct.

Mr. KENNEDY. And then you operated the Villa Grove Restaurant in Flushing?

Mr. GUERCI. That is correct.

Mr. KENNEDY. And up until 1952?

Mr. GUERCI. That is right.

Mr. KENNEDY. Then one of your customers told you how attractive the union business was; is that right?

Mr. GUERCI. That is right.

Mr. KENNEDY. And so you sold your restaurant and decided to go into the union business?

Mr. GUERCI. That is correct.

Mr. KENNEDY. And you went and you had a conversation with Mr. Paul Lafayette who was regional director of the Retail Clerks?

Mr. GUERCI. That is right.

Mr. KENNEDY. And he told you to go to work and he would get you a charter later on?

Mr. GUERCI. That is right.

Mr. KENNEDY. So you invested your money and you started to organize; is that right?

Mr. GUERCI. That is right.

Mr. KENNEDY. You started organizing in the coin-machine business, in that field?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. Do you know much about this kind of business?

Mr. GUERCI. Nothing.

Mr. KENNEDY. You had just been in the restaurant business?

Mr. GUERCI. That is right.

Mr. KENNEDY. You got a group of operators together out on Long Island?

Mr. GUERCI. Nassau and Suffolk.

Mr. KENNEDY. They decided this would help you and put some of their employees in?

Mr. GUERCI. That is right.

Mr. KENNEDY. And so you were in that kind of an operation for about 2 years; is that right?

Mr. GUERCI. That is right.

Mr. KENNEDY. And then Mr. Lafayette finally gave you a charter, did he?

Mr. GUERCI. That is right.

Mr. KENNEDY. From the Retail Clerks?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. And you got a charter?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. How many people were you able to sign up during the 2 years you were operating?

Mr. GUERCI. About 50.

Mr. KENNEDY. There were no contracts with anybody?

Mr. GUERCI. No.

Mr. KENNEDY. They paid dues in?

Mr. GUERCI. Yes.

Mr. KENNEDY. You got the dues?

Mr. GUERCI. That is right.

Mr. KENNEDY. Did you keep any books or records?

Mr. GUERCI. No, not at that time, because I had no accountant.

Mr. KENNEDY. The money just came to you and you would disburse it?

Mr. GUERCI. I would use it all up.

Mr. KENNEDY. Plus you were investing your own money?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. You were the union.

Mr. GUERCI. Yes; that is right.

Mr. KENNEDY. How much money of your own did you spend during that period of time?

Mr. GUERCI. About \$7,000.

Mr. KENNEDY. Going around trying to organize, and you ended up with 50 people.

Mr. GUERCI. That is right.

Mr. KENNEDY. One of the employers out there, operators, was Mr. Sandy Moore?

Mr. GUERCI. That is correct.

Mr. KENNEDY. Did he make some arrangement with you?

Mr. GUERCI. He made no arrangement with me.

Mr. KENNEDY. Did he give you some of his employees?

Mr. GUERCI. Oh, yes.

Mr. KENNEDY. How many did he give you?

Mr. GUERCI. The first time he gave me a couple, and then when he went ahead, he gave me five or six more.

Mr. KENNEDY. These operators would give you some of their moneys if they liked you?

Mr. GUERCI. Not that they liked me. If they had a mechanic, they signed up with the union.

Mr. KENNEDY. For instance, he had 20 employees.

Mr. GUERCI. He didn't give me all; he only gave me five or six.

Mr. KENNEDY. He would only give you five or six?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. Then the charter that you received from the Retail Clerks was local 433?

Mr. GUERCI. That is correct.

Mr. KENNEDY. After you got the charter, how many people did you get once you got the charter?

Mr. GUERCI. Well, then I merged with Caggiano of New York.

Mr. KENNEDY. At whose suggestion did you merge with Caggiano?

Mr. GUERCI. We sat down together and merged together.

Mr. KENNEDY. Then did Sandy Moore, who had given you five or six of his employees in 1954, suggest to you that you take in a Mr. Al Cohen?

Mr. GUERCI. That is right.

Mr. KENNEDY. He said Mr. Al Cohen could be of help to you?

Mr. GUERCI. That is right.

Mr. KENNEDY. And so at the suggestion of Mr. Sandy Moore, one of the biggest operators, you took in Mr. Cohen, and did Mr. Cohen gradually take over the union from you?

Mr. GUERCI. Yes, sir.

Mr. KENNEDY. He went into the jukebox organizing?

Mr. GUERCI. No jukeboxes; only the games.

Mr. KENNEDY. What was Mr. Cohen doing, and wasn't he going after jukeboxe locations?

Mr. GUERCI. Not when I was in there.

Mr. KENNEDY. Later on did he go after the jukebox?

Mr. GUERCI. I don't know, and I was out.

Mr. KENNEDY. Did he gain control of the union then, after he came in the local?

Mr. GUERCI. I left him and Jimmy Caggiano.

Mr. KENNEDY. Why did you get out?

Mr. GUERCI. I don't like the setup.

Mr. KENNEDY. What was wrong with the setup?

Mr. GUERCI. I couldn't make any money, and I have a family to support, and so I stepped out.

Mr. KENNEDY. You couldn't make any money from it?

Mr. GUERCI. No.

Mr. KENNEDY. Were they making any money, Caggiano and Cohen?

Mr. GUERCI. I don't think so.

Mr. KENNEDY. So you went back to the restaurant business?

Mr. GUERCI. That is correct.

Mr. KENNEDY. That was your experience in the labor business?

Mr. GUERCI. That is correct.

Mr. KENNEDY. Are you planning to go back into the labor business?

Mr. GUERCI. Never.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator CHURCH. I have no questions.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Pearl.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PEARL. I do.

TESTIMONY OF MORTIMER B. PEARL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. PEARL. Mortimer Pearl, Valley Stream, N.Y., insurance.

The CHAIRMAN. That is insurance?

Mr. PEARL. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Pearl, you also had an experience in the labor field; is that right?

Mr. PEARL. Yes, sir.

Mr. KENNEDY. Now, during 1950 to 1955, you were employed in the auto radiator repair business?

Mr. PEARL. That is correct, sir.

Mr. KENNEDY. In 1955 you sold out your interest in that business, where you also worked as a mechanic, did you?

Mr. PEARL. As a salesman.

Mr. KENNEDY. You sold out your interest and started to try to develop some insurance business?

Mr. PEARL. That is correct, sir.

Mr. KENNEDY. You met a man by the name of Mr. Cohen, Abe Cohen?

Mr. PEARL. Yes, sir.

Mr. KENNEDY. Who was a brother of Al Cohen; is that right?

Mr. PEARL. Yes, that is correct.

Mr. KENNEDY. Mr. Abe Cohen had been in the auto repair business?

Mr. PEARL. He was a former competitor.

Mr. KENNEDY. Now, Mr. Al Cohen came to you and suggested that you go to work for him?

Mr. PEARL. He did, sir.

Mr. KENNEDY. In the union business?

Mr. PEARL. Yes, sir.

Mr. KENNEDY. For local 433; is that right?

Mr. PEARL. That is correct.

Mr. KENNEDY. What did he tell you you would be doing, what were your responsibilities?

Mr. PEARL. At the time just to supervise the automobile radiator repair shops which they were interested in having in the union.

Mr. KENNEDY. Originally he offered you \$100 a week, and you told him that that wasn't enough, and ultimately he came back and offered you \$100 a week plus \$25 expenses?

Mr. PEARL. That is right.

Mr. KENNEDY. And you agreed to take the job?

Mr. PEARL. That is right. In January of 1957.

Mr. KENNEDY. Did he also tell you at the same time that he would like to have you president of another local?

Mr. PEARL. Yes, he did, sir.

Mr. KENNEDY. You were going to work for 433 and did he say he would like to make you president of 531?

Mr. PEARL. That is right.

Mr. KENNEDY. Did you agree to be president?

Mr. PEARL. Not at first, but eventually I did.

Mr. KENNEDY. Eventually you did?

Mr. PEARL. Yes, sir.

Mr. KENNEDY. You discussed it with your wife, and then she said she thought it would be a good idea?

Mr. PEARL. On the contrary, she didn't like the idea, but she was vetoed by myself and I decided to go ahead.

Mr. KENNEDY. What was 531? What were they going to do?

Mr. PEARL. They were interested in the jukebox industry.

Mr. KENNEDY. In the latter part of October, of 1956, and this is again about the same time you were having these negotiations, there was a meeting called at the restaurant called the Living Room Restaurant, on Second Avenue, in New York City?

Mr. PEARL. That is right.

Mr. KENNEDY. That was a meeting for the most part of jukebox operators; is that right?

Mr. PEARL. That is correct.

Mr. KENNEDY. And Mr. Cohen addressed the group, and at that time he told them that if they were dissatisfied with local 1690, he was going to be able to establish a setup that would offer more protection to the operators?

Mr. PEARL. Yes, sir; that is correct.

Mr. KENNEDY. And that if they signed with his union, that he would be able, through his connections, to prevent the delivery of beer and other supplies to the various locations?

Mr. PEARL. That is right, sir.

Mr. KENNEDY. The union was going to be established with the help and the assistance of the operators; is that right?

Mr. PEARL. Yes, sir.

Mr. KENNEDY. There was no discussion about the employees, how this was going to help the employees?

Mr. PEARL. None that I recall.

Mr. KENNEDY. And it was all as to establishing the union to help the operators and help them keep their locations?

Mr. PEARL. That is correct.

Mr. KENNEDY. At that meeting of the operators, you were nominated as president; is that right?

Mr. PEARL. Yes, sir; I was.

Mr. KENNEDY. And you were elected; is that right?

Mr. PEARL. Yes.

Mr. KENNEDY. So you were elected. Cohen took over the position of business manager of the local and you were the president?

Mr. PEARL. I was the president in name only, and this meeting took place in October of 1956. My duties with this particular local did not commence until the end of February of 1957. I then turned my resignation in on April 1 of that same year.

Mr. KENNEDY. Who was secretary-treasurer?

Mr. PEARL. I don't recall, sir.

Mr. KENNEDY. Did you know Giovanelli?

Mr. PEARL. I might have met him at that meeting, but I did not know him prior or did not see him afterwards.

The CHAIRMAN. Would you recognize a photograph of him?

Mr. PEARL. I may, sir.

The CHAIRMAN. I hand you a photograph that bears New York City police No. 316100, then another number of 12956.

I will ask you to examine it and state if you can identify the person in the photograph.

(The photograph was handed to the witness.)

Mr. KENNEDY. That is Giovanelli.

Mr. PEARL. I do believe that he was present at the meeting that was held at the Living Room Club.

The CHAIRMAN. You think he was present at that meeting. Do you think you recognize him as one of those who were present?

Mr. PEARL. Pardon me, sir. I didn't hear you.

The CHAIRMAN. I say, do you think you recognize the picture as a photograph of someone who was present at that organizational meeting?

Mr. PEARL. Yes, I do believe he was present.

The CHAIRMAN. That may be made exhibit No. 20.

(Photograph referred to was marked "Exhibit No. 20" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. Is this the man who became secretary-treasurer of your union?

Mr. PEARL. I don't recall, sir.

The CHAIRMAN. You honestly don't know about that?

Mr. PEARL. No, I don't.

The CHAIRMAN. But you think he was present?

Mr. PEARL. I do believe he was present.

Mr. KENNEDY. October 26, 1957, the minutes of that meeting show, among other things, that Fred Giovanelli was nominated and seconded for financial secretary-treasurer and recorded. This man was made financial secretary of this union, or do you know?

Mr. PEARL. I don't know.

Mr. KENNEDY. He has been arrested four times, burglary, assault and robbery, assault and robbery with gun, and he was convicted only of simple assault in 1954.

You were elected in October of 1956. When did you find out where the headquarters were?

Mr. PEARL. I would say in February of 1957.

Mr. KENNEDY. That was about the time that Mr. Cohen's brother returned and he wanted to release you as an employee of local 433 and put his brother in as organizer?

Mr. PEARL. That is correct. That is right.

Mr. KENNEDY. So he said that he would arrange to have you placed on the payroll of 531; is that right?

Mr. PEARL. That is correct.

Mr. KENNEDY. When you were president of 531 you weren't drawing any salary?

Mr. PEARL. No, I was not drawing any salary and I had no duties.

Mr. KENNEDY. So he put you in in 433 and in 531. In 531 you were president. When his brother came back about a month after this occurred, he put his brother in to replace you in 433 and started paying you a salary from 531; is that right?

Mr. PEARL. That is correct.

Mr. KENNEDY. What were your duties? What were you supposed to be doing for 531 or for 433?

Mr. PEARL. Organizational duties, primarily.

Mr. KENNEDY. Did you go around to the various taverns?

Mr. PEARL. Not for 433; only for local 531.

Mr. KENNEDY. What would you do?

Mr. PEARL. I would go with a picket.

Mr. KENNEDY. Who was the picket?

Mr. PEARL. Well, it varied on occasions, but Sonny Parker was a picket.

Mr. KENNEDY. Sonny Parker?

Mr. PEARL. Yes.

Mr. KENNEDY. Was he the one that you traveled with the most?

Mr. PEARL. On most occasions I would say.

Mr. KENNEDY. So you and the picket would go around. What would you do then?

Mr. PEARL. We would take the yellow pages and frequent taverns and I would go into the tavern, introduce myself to the owner, and request that we enlisted his cooperation as respects the jukebox on the premises, asking him to please pull the plug.

Mr. KENNEDY. To pull the plug?

Mr. PEARL. Yes, and informing him that the jukebox was not—the operator of the jukebox was not a member of local 531, and would he please have the operator contact the local offices, local 531 offices.

Mr. KENNEDY. Did you ever talk to an employee?

Mr. PEARL. Perhaps on an occasion, if the owner was not present at the time I visited the bar.

Mr. KENNEDY. Did you ever talk to the man who serviced—

Mr. PEARL. An employee, do you mean, of the—

Mr. KENNEDY. The man who serviced the machines.

Mr. PEARL. I don't believe so.

Mr. KENNEDY. The fellow that you were trying to get into the union; did you ever actually talk to him?

Mr. PEARL. No, sir.

Mr. KENNEDY. This is the procedure you were told to follow?

Mr. PEARL. That is correct.

Mr. KENNEDY. Ask him to pull the plug from the machine and turn it to the wall and put another machine in?

Mr. PEARL. I don't believe I asked him to turn it to the wall. I had a prepared speech that was given to me by Mr. Cohen and it didn't include, I don't believe, telling him to turn the machine to the wall.

The CHAIRMAN. As I understood, what you did was you got him to pull the plug so that the machine wouldn't operate.

Mr. PEARL. That is what I requested of the owner.

The CHAIRMAN. You requested that and told him to have the operator, the one who had put the machine in there, get in touch with your local?

Mr. PEARL. Well, with the local, sir.

The CHAIRMAN. Your local, the one that you were representing. Isn't that correct?

Mr. PEARL. In a sense; yes.

The CHAIRMAN. In a sense?

Mr. PEARL. Well, I considered myself—

The CHAIRMAN. That is what you were doing at the time, presumably, and what you thought you were doing, working for that local, to get members.

Mr. PEARL. I thought of myself as an employee; that is correct.

The CHAIRMAN. The way you were getting members was to get the location owner to pull the plug and have the operator get in touch with your local.

Mr. PEARL. That is correct.

The CHAIRMAN. Then the pressure was put on, of course, to join your local.

Mr. PEARL. Not by me, sir.

The CHAIRMAN. I know not by you. You were performing your job to get him in contact.

Mr. PEARL. That is correct.

The CHAIRMAN. All right.

Mr. KENNEDY. If your request was refused, if they refused to pull the plug, what would you do then, generally?

Mr. PEARL. The picket was usually placed outside the location.

Mr. KENNEDY. And he started marching up and down?

Mr. PEARL. That is right.

The CHAIRMAN. Did he carry a sign already prepared?

Mr. PEARL. Yes, he did, sir.

Mr. KENNEDY. You made no effort to sign up any of the employees?

Mr. PEARL. I did not.

Mr. KENNEDY. Do you know if anyone ever joined the union through your efforts?

Mr. PEARL. I don't know whether they joined through my efforts, but I do believe there were people that joined.

Mr. KENNEDY. Do you know that?

Mr. PEARL. I presumed it. I would state that I know of two people, I believe. I mentioned previously how I know it, by virtue of being

given these cards, these membership cards which I presumed them to be.

Mr. KENNEDY. Was that a membership card, an application card, or what?

Mr. PEARL. It was either membership or application. I do not know at this time.

Mr. KENNEDY. So you don't know, really, if anyone joined the union?

Mr. PEARL. It would just be a presumption on my part.

Mr. KENNEDY. As president of the union, did you ever meet any of the members of the union?

Mr. PEARL. Well, only. I would say, at the time of the inception of the union, which was in October.

Mr. KENNEDY. Which was at the meeting?

Mr. PEARL. At the meeting; yes.

Mr. KENNEDY. Beyond that, after you were made president, did you ever meet any of the members of the union?

Mr. PEARL. Not to my knowledge.

Mr. KENNEDY. Did you ever see a membership book?

Mr. PEARL. No; I did not, sir.

Mr. KENNEDY. Did you ever see a collective bargaining agreement?

Mr. PEARL. I did not, sir.

Mr. KENNEDY. Did you ever see a membership list?

Mr. PEARL. No, sir; I did not.

Mr. KENNEDY. Do you know if they had a bank account?

Mr. PEARL. I do not know.

Mr. KENNEDY. Who paid you? Where did the money come from?

Mr. PEARL. Mr. Cohen paid me from his private checking account.

Mr. KENNEDY. What was local 531? Who was 531?

Mr. PEARL. Mr. Cohen.

Mr. KENNEDY. He was 531?

Mr. PEARL. Well, to me he was.

Mr. KENNEDY. If somebody came to you and wanted to join the union, what would you do?

Mr. PEARL. I would send them to Mr. Cohen.

Mr. KENNEDY. Did you know how to get them in the union yourself?

Mr. PEARL. No; I did not, sir.

Mr. KENNEDY. You resigned from local 531 in April of 1957?

Mr. PEARL. April 1, 1957.

Mr. KENNEDY. So you stayed only a few short months?

Mr. PEARL. A few short weeks.

Mr. KENNEDY. Well, from October—

Mr. PEARL. I am sorry. Well, actively a few short weeks; inactive, a few short months.

Mr. KENNEDY. I think the whole thing sounds a little brief, doesn't it?

Mr. PEARL. On my part I hope so.

Mr. KENNEDY. Were you an applicant for the charter of 531?

Mr. PEARL. No; I was not.

Mr. KENNEDY. Your name appears on it. Did you know that?

Mr. PEARL. No.

Mr. KENNEDY. The first meeting you held, the organizational meeting, was there ever any meeting after that?

Mr. PEARL. None to my knowledge, and none which I attended.

Mr. KENNEDY. Do you know if any of the operators that you were trying to sign up were self-employed? Do you know that?

Mr. PEARL. The operators, whether they were self-employed?

Mr. KENNEDY. Yes.

Mr. PEARL. No; I am afraid I don't understand the question.

Mr. KENNEDY. When you went around to these locations, and when you were trying to sign the operators up, did you know if they actually had any employees or whether they were self-employed?

Mr. PEARL. Well, truthfully, at the time that I was employed in local 531, I had no prior knowledge of the industry, and I did not know any of the operators personally. I didn't even know what the word "operator" really inferred at the time.

Mr. KENNEDY. You didn't know anything about the industry or anything about the union?

Mr. PEARL. No; I didn't know whether an operator was an employee or an employer.

Mr. KENNEDY. Did you enjoy being president of local 531?

Mr. PEARL. I wouldn't have turned in my resignation had I.

Mr. KENNEDY. Did you know what international it was a part of?

Mr. PEARL. Yes, I did, sir.

Mr. KENNEDY. Did you know at the time?

Mr. PEARL. Yes, I did. I didn't know where the international was located or have any meetings or affiliations with any international representatives, but I did know that it was United Industrial Workers.

The CHAIRMAN. Did it have a headquarters?

Mr. PEARL. I couldn't say, sir.

The CHAIRMAN. Did you ever find the headquarters of it?

Mr. PEARL. I never attempted to, sir.

Mr. KENNEDY. That was the union that Mr. LaRocco, who appeared this morning, is international president of. He took the fifth amendment.

The CHAIRMAN. Did you have a headquarters for local 531?

Mr. PEARL. There was an office, yes; a store.

The CHAIRMAN. An office?

Mr. PEARL. Well, it was a store, actually. It was an office store.

The CHAIRMAN. Would you recognize a picture of it if you would see it?

Mr. PEARL. Yes, I would, definitely.

The CHAIRMAN. I will ask you to examine this and state if this is a picture of your headquarters, local 531.

(The photograph was handed to the witness.)

Mr. PEARL. Yes, sir; that is a picture of it.

The CHAIRMAN. That picture may be made exhibit No. 21.

(Photograph referred to was marked "Exhibit No. 21" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Did you have a desk in it?

Mr. PEARL. Yes, it did, sir.

The CHAIRMAN. Was the inside appearance about the same as the outside?

Mr. PEARL. I would say a little more presentable.

The CHAIRMAN. A little what?

Mr. PEARL. A little more presentable.

Mr. KENNEDY. This place is now Mr. Cagiano's place of operation, Mr. Chairman. At various times during the past few years it has served as the headquarters for 465 of the IUE, 465 Independent, 433 of the RCIA, 531 of UIU, 465 Independent, and 465 CUE.

The CHAIRMAN. It looks like it has been shopworn considerably. I can understand now.

Were you folks the last occupants of it?

Mr. PEARL. Pardon me, sir?

The CHAIRMAN. Was 531 the last occupant of it?

Mr. PEARL. I wouldn't know. I didn't arrange for the signing of the lease.

The CHAIRMAN. You don't know what happened after you left?

Mr. PEARL. I don't know at all.

Mr. KENNEDY. Mr. Chairman, also, that is the place where Mr. Gilbert, the witness yesterday, was repairing the inside of the office, and when one of the employees resigned he was made recording secretary of the union.

That is all.

The CHAIRMAN. All right. Thank you very much.

Call the next witness.

Mr. KENNEDY. This witness has testified that he brought a picket around with him, Mr. Chairman, Mr. Sonny Parker. I would like to call Mr. Parker.

The CHAIRMAN. Come forward, Mr. Parker. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PARKER. I do.

TESTIMONY OF SONNY PARKER, ACCOMPANIED BY COUNSEL, SAMUEL P. SHAPIRO

The CHAIRMAN. State your name, your place of residence, and your business or occupation?

Mr. PARKER. Sonny Parker is my name. I live at 606 Marcy Avenue, Brooklyn.

The CHAIRMAN. In Brooklyn?

Mr. PARKER. Brooklyn, N.Y.

The CHAIRMAN. What is your business or occupation, Sonny?

Mr. PARKER. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Sonny, you have a lawyer, do you?

Mr. PARKER. Yes.

The CHAIRMAN. Mr. Lawyer, identify yourself.

Mr. SHAPIRO. Samuel P. Shapiro, 188 Montague Street, Brooklyn, N.Y.

Mr. KENNEDY. Mr. Chairman, I must protest about this. This witness has been most cooperative. We do not have one piece of derogatory information on him. He has cooperated during all of our investigation. We have had a number of conferences with him. He has given us all the information that we have asked of him. This committee does not have one single piece of derogatory information about this man. I would like to find out what has happened in the last 24 hours that has brought about his taking the fifth amendment.

The CHAIRMAN. Ask him.

Mr. KENNEDY. Mr. Chairman, this man has a fine reputation. There is nothing in his background or career that has anything of a derogatory nature. I think it is outrageous.

The CHAIRMAN. How old are you, Sonny?

Mr. PARKER. I am 28.

The CHAIRMAN. Where were you born?

Mr. PARKER. In New York.

The CHAIRMAN. You were born in New York. Did you go to school there?

Mr. PARKER. Yes, I did.

The CHAIRMAN. What was your first job after you got out of school?
(The witness conferred with his counsel.)

Mr. PARKER. I respectfully decline to answer.

Mr. KENNEDY. Mr. Chairman, I would like to find out and ask if this lawyer, the attorney, is also the attorney for Mr. Cohen, who is a main witness and a witness about whom we have a good deal of derogatory information.

Mr. SHAPIRO. If Mr. Cohen will be called, I will appear for him.

The CHAIRMAN. What is the attorney's name?

Mr. SHAPIRO. I have given it to you. Samuel P. Shapiro.

The CHAIRMAN. Sonny Parker, let me ask you: Have you heretofore been talking to members of the committee staff?

(The witness conferred with his counsel.)

Mr. PARKER. I respectfully decline.

Mr. KENNEDY. I spent an hour with him myself, Mr. Chairman, and Mr. Walter May and Mr. Constandy have had several interviews with him.

The CHAIRMAN. Let me ask the witness two or three questions.

Did you retain this lawyer who sits there by you now? Did you, yourself, retain him to represent you?

(The witness conferred with his counsel.)

The CHAIRMAN. I am asking you. You don't have to ask him about that. I am asking you. Did you retain him?

Mr. PARKER. Yes, I retained him.

The CHAIRMAN. When? When?

(The witness conferred with his counsel.)

The CHAIRMAN. I mean business now. I am not taking any foolishness. Tell me when you hired him?

Mr. PARKER. I hired him after I was subpoenaed.

The CHAIRMAN. After what?

Mr. PARKER. After I had been subpoenaed.

The CHAIRMAN. When did you hire him?

Mr. PARKER. I can't remember the date offhand.

The CHAIRMAN. Was it yesterday?

Mr. PARKER. No, it was not.

The CHAIRMAN. Did you talk to members of the committee staff yesterday? Did you?

(The witness conferred with his counsel.)

The CHAIRMAN. Did you talk to members of the committee staff yesterday?

(The witness conferred with his counsel.)

Mr. PARKER. Not about the business here.

The CHAIRMAN. You didn't discuss this matter with the committee staff yesterday. When did you hire this attorney? You ought to know something about it.

Mr. PARKER. It was sometime in November I hired him.

The CHAIRMAN. Sometime last November you hired this lawyer? Have you paid him anything?

Mr. PARKER. No, but we have made arrangements.

The CHAIRMAN. What are your arrangements?

(The witness conferred with his counsel.)

Mr. PARKER. I decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. I talked to you in November or December. You didn't have this attorney with you at that time, Mr. Parker. There wasn't anything that I asked you that could possibly incriminate you and the answers that you gave.

The CHAIRMAN. Put on your witnesses that talked to him. Let's have the story.

Mr. KENNEDY. The only thing we were going to ask him was if he was a picket and if he had the same kind of testimony as the previous witness. He went around from place to place; he was sent around there by Mr. Cohen.

He gave us all of these cards. He said he had five or six cards. He worked for various locals at various times as a professional picket. The one particular local he was working for at the time, he would keep that card in his vest pocket to make sure he could remember what local he was working for, and the rest of the cards he kept in his back pocket.

Is that right, Mr. Parker? That is the only reason. You were a professional picket and you went around and that was all you did. It was a job that you had. There wasn't one bit of derogatory information. You were given the job by Mr. Cohen, who sent you around and gave you all of these cards and told you how to pull them out. If there was somebody who did anything wrong, it was Mr. Cohen; it wasn't you.

The CHAIRMAN. Do you want to testify and tell the truth, or do you want to join up with this gang of thugs? Is that what you want to do? You make the choice. You are making it here today.

The staff tells me they haven't anything on you. There isn't any reason why you couldn't come up here and tell the truth. Do you want to join that gangster element in this country, that underworld, the scum of humanity, or do you want to be a man? Which do you want to do? Can you answer?

Mr. PARKER. I respectfully decline to answer.

The CHAIRMAN. You know what you are doing, I assume.

Proceed, Mr. Kennedy.

Do you want to ask any questions?

Mr. KENNEDY. I will say, Mr. Chairman, the second point we have of interest on Mr. Parker was that he was also made international vice president of this union, the UIU, and we believe that he is now secretary-treasurer of local 531. There isn't anything beyond that that we were going to ask him about. We have no information of any misuse of union funds or misuse of his position, or his threatening anybody, nor does he have a police record or a criminal record.

The CHAIRMAN. Look at that. What is it?

(The document was handed to the witness.)

The CHAIRMAN. What is it? What is that before you that I am presenting to you? Do you recognize it?

Mr. PARKER. I respectfully decline to answer.

The CHAIRMAN. I hand you another one. Do you recognize that? What is it?

(The document was handed to the witness.)

The CHAIRMAN. Isn't that your name and the card that was issued to you?

Mr. PARKER. I respectfully decline to answer.

The CHAIRMAN. I show you another one. Does it bear your name?

(The document was handed to the witness.)

The CHAIRMAN. Aren't these cards from unions, listing you as a picket, that sent you out to do picket work? Isn't that true?

Mr. PARKER. I respectfully decline to answer.

The CHAIRMAN. I show you another one. Wasn't that one issued to you as a picket to go out and do picket work?

(The document was handed to the witness.)

Mr. PARKER. I respectfully decline to answer.

The CHAIRMAN. And didn't you actually serve as a professional picket? Isn't that true?

Mr. PARKER. I respectfully decline to answer, sir.

The CHAIRMAN. Are you ashamed of them? Are you ashamed of your name and the cards that were issued to you?

Mr. PARKER. I respectfully decline to answer, sir.

The CHAIRMAN. Is that as loud as you can say it?

Let these cards be made exhibit No. 22.

(Cards referred to were marked "Exhibit No. 22" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Parker, the fact is that you have been intimidated, have you not, and that is why you are taking the fifth amendment now? Isn't that correct?

Isn't that correct, Mr. Parker?

Mr. PARKER. I decline to answer.

Mr. KENNEDY. You have been told by Mr. Cohen and his associates that you have to take the fifth amendment; is that right? Isn't that right, that you have been threatened and that is why you are taking the fifth amendment?

Mr. PARKER. I decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. You haven't done anything, Mr. Parker. There is no reason and you know as well as we do that there is no reason. We checked your background. We checked your activities. You never threatened anybody. You always behaved as a gentleman when you went into the taverns.

The fact that there was any problem was from the people that came around with you. You never did anything. You behaved absolutely perfectly. You were hired for this job, and you told us all about the fact that you were hired.

The only reason, the only explanation that can possibly be given for taking the fifth amendment now is that you have been threatened,

intimidated, and ordered to take the fifth amendment, because of your relationship with Cohen.

That is true; is it not? Won't you tell us that, Mr. Parker?

Mr. PARKER. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. There is no money involved in this, no violence, no money. You didn't hire this attorney right after you were served with a subpoena, which was served on the 29th of October, because you came up and saw me after that and you didn't have any attorney with you. I saw you in New York City. You didn't have any attorney with you. You answered all the questions very freely and openly.

The CHAIRMAN. Is there anything else?

You will remain under subpoena. You will remain here the rest of the afternoon. You are subject to recall at such time as the committee desires further testimony from you.

Do you acknowledge that recognizance?

(The witness conferred with his counsel.)

Mr. PARKER. Yes, sir.

The CHAIRMAN. You know what it means; do you?

Mr. PARKER. Yes, sir.

The CHAIRMAN. It means you are to be back here upon notice, without being resubpenaed. Do you understand that?

Mr. PARKER. Yes, sir.

The CHAIRMAN. You will also be under orders that if anyone undertakes to intimidate you, coerce you, threaten you in any way, about your testimony, about your appearance, to report it to the committee.

Will you do that?

Mr. PARKER. Yes, sir.

The CHAIRMAN. Will you do it now? Has anyone threatened you, intimidated or coerced you? Have they?

(The witness conferred with his counsel.)

The CHAIRMAN. Have they undertaken to? Have they got you scared?

Mr. PARKER. No, sir.

The CHAIRMAN. Then don't get scared. But you report it, if anything happens; will you?

Mr. PARKER. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Have you talked to Mr. Cohen about this matter, your testimony here?

(The witness conferred with his counsel.)

Mr. PARKER. I decline to answer.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. I would like to call the attorney's other client, Mr. Cohen.

The CHAIRMAN. Come forward, Mr. Cohen. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

TESTIMONY OF AL COHEN, ACCOMPANIED BY COUNSEL, SAMUEL P. SHAPIRO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. COHEN. My name is Al Cohen. I reside at 32 Highland, Levittown, Long Island.

The CHAIRMAN. What is your business or occupation?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you a thief?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you a thug?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you a gangster?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you an American citizen?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you ashamed of your country?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Do you love your country?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Would you tell us when you last talked to the previous witness Mr. Parker?

The CHAIRMAN. Let the record show the same counsel appearing for this witness who appeared for the previous witness.

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. Did you threaten Mr. Parker that he should take the fifth amendment or otherwise he would be in difficulty?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. Did he tell you that he had intended to testify and that you then ordered and instructed him to take the fifth amendment.

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. That is correct, is it not, that that is what you did, that this man was about to testify and then you told him that he had to appear before the committee and take the fifth amendment?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Are you a coward? Can you understand that?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, this witness has run the gamut of most of these unions in the coin business in New York City: Local 433 RCIA, Local 531 UIU, and certain others.

It is correct, is it not, that all these unions were set up in order to give protection to the operators?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. That you were never interested in the employees?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And what you were selling was your gangster connections and the intimidation that would follow upon location owners?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. You have connections such as Tony Ducks Corallo; is that right?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And Dick Kaminetsky, one of Tony Ducks Corallo's assistants?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And Carmine Lombardozzi—wasn't he another one of your associates as was testified to here yesterday?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. That if an operator was told if he made arrangements with you, you would sell him these stickers for his machines and that he would no longer have labor difficulties?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And that meeting was set up by Carmine Lombardozzi; is that not right?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And aren't you also, as was testified to here, a friend or associate of Johnny Dioguardi's?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. Isn't that why you have been successful in this field?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And lately you have turned your organizational efforts to help local 266 of the Teamsters?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. So that the various members and representatives of the underworld are getting together and organizing behind local 266 of the Teamsters to try to get a monopoly control over the coin-machine business in New York City?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. Do you find that that is a rather easy way to proceed, Mr. Cohen, that a big man like you can bring all of this pressure on the small-tavern owners and people such as Sonny Parker?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. Do you find that people have difficulty standing up to things like that, Mr. Cohen, when you have people like Lombardozzi, and Tony Ducks Corallo behind you?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And it makes you a big figure when you go to a meeting and you can announce, "I am going to shut off all of the beer and supplies to the tavern owners, unless they fall in line and go along with our plan."

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And you were never interested in employees, were you?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

Mr. KENNEDY. And you were just interested in yourself and your racket friends?

Mr. COHEN. I respectfully decline to answer the question on the fifth amendment.

The CHAIRMAN. Do you have any questions, Senator?

Senator CHURCH. No, Mr. Chairman, I think the witness has demonstrated who he is more eloquently than we can.

The CHAIRMAN. The witness will remain under subpoena, under the jurisdiction of the committee subject to being called at such time as the committee may desire to hear further testimony from you.

Do you acknowledge that recognizance?

Mr. COHEN. Yes, sir.

The CHAIRMAN. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mrs. Goldberg.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. GOLDBERG. I do.

TESTIMONY OF MRS. SYLVIA GOLDBERG, ACCOMPANIED BY COUNSEL, HENRY A. ROBINSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mrs. GOLDBERG. My name is Sylvia Goldberg and I live at 189-14 12th Avenue in Flushing, and I am a housewife.

The CHAIRMAN. You have counsel. Will you identify yourself?

Mr. ROBINSON. My name is Henry A. Robinson, R-o-b-i-n-s-o-n, 15 Park Road, New York 38, N. Y.

The CHAIRMAN. We will proceed.

Mr. KENNEDY. You have been employed by various unions, or by a union, Mrs. Goldberg?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Well, Mr. Chairman, she also answered questions.

The CHAIRMAN. Maybe she wants to join that motley crew that comes up here. If you do, that is your privilege.

Mr. KENNEDY. She is not in the same class as one of the previous witnesses we had, Mr. Chairman. On one of the previous witnesses we had no derogatory information, and she is not in the same classification.

The CHAIRMAN. Proceed to interrogate her about these matters.

Mr. KENNEDY. Now, Mrs. Goldberg, before you went into the union operations, you were a model; is that right, a former model?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. You operated a hat check concession at a night club in Brooklyn?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. And then Mr. Al Cohen, a friend of yours, took you into the union; is that right?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. And you ultimately ended up, did you not, being appointed president of local 531, of the UIU with Al Cohen becoming secretary-treasurer?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Well, Mr. LaRocco had appointed Mr. Cohen as the secretary-treasurer, and then it was not Mr. Cohen who made you president, it was Mr. LaRocco who also appointed you president.

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Isn't it correct that you did not know until this very moment that you were president of that local?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. And isn't it correct that when our staff interviewed you, you did not know that you were president of local 531 of the UIU?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Nobody told you, did they?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Mr. May, please.

TESTIMONY OF WALTER R. MAY—Resumed

The CHAIRMAN. The Chair presents to you a letter dated August 14, 1957, on United Industrial Union stationery, and I wish you would examine the letter and state if you identify it and state where you procured it.

Mr. MAY. Senator, this is a letter from the United Industrial Unions, signed by Mr. LaRocco, and it was delivered by Mr. LaRocco to our office.

The CHAIRMAN. The letter may be made exhibit No. 23.

(Document referred to was marked "Exhibit 23" for reference and will be found in the appendix on p. 16934.)

The CHAIRMAN. I will read from the letter. This is a letter from Joseph LaRocco, United Industrial Unions, to Mr. Al Cohen, Local 531, UIU, 2115 Euclid Avenue, Brooklyn, N.Y., and dated August 14, 1957. It says:

DEAR AL: Pursuant to our conversation at my office, I am exercising my authority as president of the United Industrial Unions to appoint temporary officers for local 531. I am designating Sylvia Goldberg as president and Mr. Al Cohen as secretary-treasurer. It is understood that these positions are appointed until your rank-and-file meeting, where permanent officers shall be elected.

Fraternally yours.

Did you know at that time that you were appointed, Mrs. Goldberg?

**TESTIMONY OF MRS. SYLVIA GOLDBERG, ACCOMPANIED BY
COUNSEL, HENRY A. ROBINSON—Resumed**

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Did you draw a salary out of this union?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Who gave you your instructions?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Did you perform any kind of service for the union?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Were all of your services personal to Mr. Cohen?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. How long did you stay in as president?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Now, you kept the books and records for Mr. Cohen in local 433; is that right?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. And you made the arrangements to send out the pickets, did you?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Did you take all of your instructions from Mr. Cohen about the keeping of the books and sending out of the pickets to locations?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Did you take any messages regarding the placement of the pickets or take any messages in connection with that?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Did the association call in and tell you when to send the pickets out?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Will you give us any information regarding the operation of that union?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. Will you give us any information regarding the operation of local 531?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator CHURCH. You understand, don't you, by failing to answer these questions, you leave us with no alternative but to believe that the statements the counsel has made are true?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Senator CHURCH. That is the impression that you voluntarily want to leave on the public record?

Mrs. GOLDBERG. I respectfully decline to answer on the ground of the fifth amendment.

Senator CHURCH. That is all.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may stand aside.

Call the next witness.

Mr. KENNEDY. I want to call Mr. Constandy to put in some figures regarding Mr. Cohen's bank account and the financing of the union.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

The CHAIRMAN. You have been previously sworn, have you?

Mr. CONSTANDY. Yes, sir, I have.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Would you tell us, Mr. Constandy, what the records show about the finances of Mr. Cohen, and the amount of money that was going through his bank account during this period of time?

Mr. CONSTANDY. Yes, sir.

Mr. KENNEDY. When he was active in the unions involved in the jukebox business.

Mr. CONSTANDY. First of all, in the testimony of Mr. Cohen during the injunctive proceedings in New York Supreme Court against local 531, Mr. Cohen there testified that he didn't have a bank account for the local, that he paid all of the expenses himself, either in cash or by personal check. He said that the local had no books or records although it functioned for 6 months or more. Now Mr. Cohen has furnished to us a series of checks which were used to pay the picket for local 531 for one Clyde Maldone, who was a picket for 531 and he was paid a total of \$120.46.

Mr. Jimmy Newkirk——

Mr. KENNEDY. I don't think that we have to go through each one.

Mr. CONSTANDY. I will summarize there. One is \$134. Mr. Parker received \$148. Telephone answering checks to Mr. Cohen's own account amounted to \$34.50.

Now there was an examination of Mr. Cohen's personal bank account of the Chase-Manhattan Bank, that was conducted under my supervision, and he opened an account on February 3, 1956, and closed it on January 6, 1958.

During this period, some \$27,000 passed through his account, and of this amount, \$20,000 went through the account during the period September of 1956 to October of 1957. That is the period that local activity of local 531 in the jukebox field.

Mr. KENNEDY. We are unable to tell from an examination of the records where that money came from, or where the money went out?

Mr. CONSTANDY. That is correct. It is significant, though, that his account did not show that activity either prior or following the activity of local 531 in the jukebox field.

The CHAIRMAN. As I understand, there was about \$20,000 came in from local 531 during about 12 or 13 months' time.

Mr. KENNEDY. It came into his personal bank account.

The CHAIRMAN. He didn't keep an account in the name of the local?

Mr. CONSTANDY. There were no accounts kept in the name of the local and there were few items turned over to the committee pursuant to the subpoena.

The CHAIRMAN. Let me see. There is \$20,000 that came into his personal account. Did you identify that as coming to local 531?

Mr. CONSTANDY. No, we did not, Senator. It came into his personal account during the period that local 531 was in existence. It is only significant that his account showed this great activity during the time that he was active in attempting to organize the jukebox field.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Are there any other figures there that are important?

Mr. CONSTANDY. Not with regard to figures.

Mr. KENNEDY. We have some material on the contracts that we could put in quickly, Mr. Chairman.

The CHAIRMAN. Proceed.

Mr. CONSTANDY. Mr. Cohen had testified earlier again at the injunctive proceedings in New York that local 531 had entered into about 10 collective bargaining agreements, and of those 10, he produced for this committee 4, 1 for Lamotto, 1 for Crescent, and——

The CHAIRMAN. That is known as "Miami Phil"?

Mr. CONSTANDY. Yes, sir. And one for Mr. McCann, who was a witness today, and one from G & M Vending Co.

The contracts call for 6 holidays against 12 in the 1690 contract, and \$1.50 an hour wages for a 40-hour week, which is roughly \$25 a week below the other jukebox union. Mr. Corbisiero's contract, however, only called for \$1.25 an hour, which is \$35 less than the existing contract in the industry with 1690. Apparently there had been some advantage to Mr. Corbisiero in his contract. The contracts also provided for 2 percent of the gross pay, payable to the union welfare fund. and

we have not been able to establish whether those collections were ever made or whether the fund had ever been established.

MR. KENNEDY. We can't find any bank account on that?

MR. CONSTANDY. No, we cannot.

Mr. Cohen had also testified that he had signed one Anthony Toracco, alias Teddy Brooks, as a member of local 531. Mr. Toracco operates the J & P Music Co., and he is a partner with Frank and Jimmy Piccarelli, alias Rush brothers, and of the three, Jimmy Piccarelli and Mr. Toracco are both flagrant narcotics violators.

Mr. Brooks told me that he received his 531 stickers without having paid for them and he received them in the mail. Now, I think the results of the picketing is also significant, in that of the seven firms which apparently aligned themselves with local 531, the following locations were acquired by them during the period that they were active: Mr. Corbisiero's Crescent Amusement Co. had taken 11 locations, and Mr. Mocutowitz had taken 2, and Circle Amusement 7, and Cello, which is another firm operated by Mr. Kutolow, had taken 2, and the Lamotto had taken 2, and J & P Music, which is Toracco, 4, and the McCann firm 6, for a total of 34 locations that had been secured by these 8 firms that were contracting with local 531.

MR. KENNEDY. And a number of those firms that you have read have these notorious gangster connections?

MR. CONSTANDY. Well, there is some connection, yes.

The opinion which I am about to read is from the Supreme Court of the State of New York, county of New York, in the action entitled "*Music Operators of New York, Incorporated, et al., Plaintiffs v. Mortimer Pearl, as President of United Industrial Unions Local 551.*"

MR. KENNEDY. Is this the same case that we had the testimony on this morning from the witness, that Mr. Cohen came to him and before he went to testify and told him that he should testify he was a member of his local?

MR. CONSTANDY. That is correct.

MR. KENNEDY. Even though the fact was that he was not a member of the local?

MR. CONSTANDY. That is correct.

MR. KENNEDY. What occurred in fact was subornation of perjury of which Mr. Cohen was involved.

MR. CONSTANDY. Apparently.

MR. KENNEDY. All right.

MR. CONSTANDY. Mr. Justice Coleman states:

This is not a labor dispute as the defendants assert it is. On the contrary, it is a controversy that arises from the efforts of individuals acting under the guise of a fictitious union, but really in behalf of owners of jukebox machines. These efforts were intended to have owners of bars and grills where jukebox machines had been installed, remove them and replace them by jukebox machines owned by those in whose behalf the individuals were working. The so-called union had no mechanics or service people who would be prepared to take over the servicing of the machines; the methods to obtain "cooperation" of the owners of bars and grills by "pulling out the plug" of the machine already there was a startling unconventional manner of obtaining union contracts with the owner of the machines. If the defendants were interested in legitimate union activities and in obtaining collective bargaining agreements with the owners of the machines, there was no call to disrupt service of the old machines and to demand the installation of others owned by different people. Union members, no matter to what union they belonged, could continue to service the machines already in place, no matter who owned them.

It is clear that the defendants do not constitute a bona fide union. Instead of having the interest of the employees at heart, they were obviously concerned with special interests, with organizing machine box owners. But in doing so they could not intimidate owners of bars and grills, or the association to which they belonged, or to attempt by primitive methods to disrupt relations between the owners of bars and grills, their association and the legitimate union to which the servicemen belonged and with which the owners and their association had a collective bargaining agreement. There will be judgments for the plaintiffs against all defendants except Caggiano.

And this is an aside. He had been named a party to that action.

The CHAIRMAN. That document that you just read from, is a photostatic copy of a supreme court decision?

Mr. CONSTANDY. Yes, Senator, it is a certified copy of the original record.

The CHAIRMAN. That will be made exhibit No. 24 for reference.

(Document referred to was marked "Exhibit No. 24" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, Mr. Chairman, we have had testimony regarding the UIU, the International Union. Now I would like to go into the operations of another international union. The last witness of the day will testify how local 19 was set up. Local 19 was operated by the Gallo brothers, who have this extensive criminal record and criminal background, and it was local 19 which ultimately led to Local 266 of the Teamsters.

In that connection we have a witness by the name of Sol Javors.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JAVORS. I do.

TESTIMONY OF SOL JAVORS

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. JAVORS. My name is Sol Javors, and I reside in Plainview, N.Y., and I am in the insurance business.

The CHAIRMAN. Thank you. Do you waive counsel?

Mr. JAVORS. I do.

The CHAIRMAN. All right, proceed, Mr. Kennedy.

Mr. KENNEDY. You obtained a law degree from Brooklyn Law School in 1951; is that right?

Mr. JAVORS. 1941.

Mr. KENNEDY. And you are also an insurance broker?

Mr. JAVORS. That is correct.

Mr. KENNEDY. And you have been cooperating with this committee over a period of the last 3 or 4 months?

Mr. JAVORS. I hope so.

Mr. KENNEDY. In 1950, or thereabouts—you spell your name J-a-v-o-r-s; is that right?

Mr. JAVORS. That is correct.

Mr. KENNEDY. You and several associates decided to form an international union?

Mr. JAVORS. That is right.

Mr. KENNEDY. Would you relate to the committee briefly as to how that came about?

Mr. JAVORS. Well, in July 1950, I and several friends and associates decided that there was the need for a small independent union in the metropolitan area of New York. I, personally, was intimately familiar with the laundry industry, having worked there and having a strong family background in the laundry industry, and one of my associates, a Mr. William Evans, who had been in the check-cashing business, felt that there was a strong possibility for bank employees in the metropolitan area to be represented by an independent union.

With that in mind, Federated Service Workers Union was formed in July of 1950. It was my primary purpose to see that the laundry industry was properly represented. During my association with Federated, a laundry local was, in fact, the strongest local in the organization, and I believe is still in that category.

Mr. KENNEDY. You formed the international called Federated Service Workers Union?

Mr. JAVORS. That is correct.

Mr. KENNEDY. You stayed with that union and with that organization some 7 or so years. Looking back on it, could you give us any summary of the situation and your own participation in it?

Mr. JAVORS. Well, in the beginning, of course, I had hoped that my participation would be to a much greater extent than it subsequently was. I had hoped that in addition to those motives which were sincere, to improve labor conditions in certain industries, I had hoped, too, that it could possibly be a source of income for me and my insurance business.

During my years of association with Federated, my activities in the insurance business became more extensive and more successful, to the extent that I devoted less and less time to Federated, and incidentally, with the exception of a small partial commission I received on one welfare fund case, I received absolutely no income whatever from Federated or any of its locals.

Mr. KENNEDY. One of those who came into the union, who set up this international union with you, was a man by the name of John Amalfitano; is that right?

Mr. JAVORS. That is correct.

Mr. KENNEDY. He will be a very important figure and a key witness, Mr. Chairman, as we go along.

He was in on the situation originally?

Mr. JAVORS. That is right.

Mr. KENNEDY. And subsequently he took over to a greater and greater extent the granting of the charters to various locals of the international union?

Mr. JAVORS. That is correct.

Mr. KENNEDY. The international union then proceeded over the next few years to grant charters out, to various industries; is that right?

Mr. JAVORS. That is right.

Mr. KENNEDY. And Mr. Amalfitano was one of those who played a very important role in the granting of the charters?

Mr. JAVORS. I would say so.

Mr. KENNEDY. He would come in with a group of people, come to you, and suggest that a charter be granted; is that correct?

Mr. JAVORS. That is correct.

Mr. KENNEDY. When he did that, you never made an investigation yourself of the background of these people?

Mr. JAVORS. No. I relied on Mr. Amalfitano's assertions that all was in order.

Mr. KENNEDY. And the charters were then granted?

Mr. JAVORS. That is correct.

Mr. KENNEDY. Some of these charters, as it turned out, went to very dishonorable people, did they not?

Mr. JAVORS. We had one particular local we granted a charter to, namely Local 512 of the Messengers Union.

Mr. KENNEDY. That was a charter granted to Samuel Zakman and Nicholas Leone; is that right?

Mr. JAVORS. I don't know any of the principals of that local, nor have I ever met any of them. But in my connection as an officer of Federated, during the existence of local 512, information was given to us that members of this local were engaged in dishonest and illegal practices.

Based on that, Federated revoked the charter for local 512, and subsequent to the revocation of this charter several of the principals of the local were indicted, and, I believe, imprisoned.

Mr. KENNEDY. That local is of some interest, Mr. Chairman, because it shows the activities of these people once again, and shows that they were not interested in the membership.

Samuel Zakman was one of those and Nicholas Leone was another one. Samuel Zakman we had here as a witness. He was a charter member with Johnny Dioguardi of local 102 in New York and turned over 102 to Johnny Dio. In 1954, he and Nicholas Leone gained control of this local. They were subsequently indicated and convicted of extortion and were sent to the penitentiary, to jail, Zakman for 2 to 4 years, and Leone for 1 to 2 years.

In that local they had working for them as organizers three men, Nathan Carmel, Aaron Kleinman, and—well, just these two. After this charter was lifted by this international, Carmel and Kleinman became business agents with a man by the name of Jack Berger, of local 512.

Local 512 then went in to become local 875 of the International Brotherhood of Teamsters. At that place, these three men were all indicated for extortion and ultimately convicted. But in the meantime they set up local 275 of the Teamsters and local 275 of the Teamsters was one of the paper locals.

Both local 875 and local 275 of the Teamsters were controlled by Tony Ducks Corallo, according to the testimony that we had last year. So you can trace this back to Johnny Dioguardi, right up to the activities in the Teamsters Union in 1957.

You became president of the international union, did you?

Mr. JAVORS. No; I was originally vice president, and about 3 or 4 years ago I was made secretary-treasurer.

Mr. KENNEDY. Where did they have their office?

Mr. JAVORS. At 141 Broadway, New York.

Mr. KENNEDY. Did you have your own separate office there?

Mr. JAVORS. No; it was a small sublet space, a little better than the equipment of desk space, but not much better.

Mr. KENNEDY. And you had a phone?

Mr. JAVORS. Yes; we did.

Mr. KENNEDY. Who answered the phone?

Mr. JAVORS. Whoever was available in the office. The phone didn't ring very often.

Mr. KENNEDY. After you did not receive the expected insurance business, you dropped out of the operation of the union more and more?

Mr. JAVORS. Well, I wouldn't put it in quite that light, because that might indicate my sole purpose in participating was for the insurance. But as I became more and more active in the insurance business, and certainly due to the fact that I received no income, be it in the form of insurance commissions or salaries from the union, I, of course, devoted less and less time to it.

Mr. KENNEDY. Who was made president originally?

Mr. JAVORS. William Evans.

Mr. KENNEDY. Why was he made president?

Mr. JAVORS. Well, he was instrumental. It was his thought to organize the bank tellers in the city of New York. Of course, very frankly, the name William Evans was a good name, shall we say, for the president of a union.

Mr. KENNEDY. You just thought it was a nice name?

Mr. JAVORS. That is right.

Mr. KENNEDY. You selected the man that was around with the nicest name and he became international president?

Mr. JAVORS. That is right.

Mr. KENNEDY. We have an affidavit from him, Mr. Chairman.

The CHAIRMAN. This affidavit may be printed in the record at this point.

Mr. KENNEDY. This is from William Evans. He says that he has been duly sworn and then he says:

I have been asked by Mr. Javors several months ago to appear as a witness before the Labor Board and to testify regarding some case that involves local 12 of the Laundry Workers Union.

Local 12 is part of your International——

Mr. JAVORS. That is right.

Mr. KENNEDY. And it was the one local that was run by Mr. Amalfitano?

Mr. JAVORS. That is right. He was the business manager.

(The affidavit referred to follows:)

STATE OF NEW YORK,
County of Kings:

William Evans, being duly sworn, deposes and says that I am the president of Federated Service Workers' Union. I am making this affidavit at the request of Mr. Sol Javors.

I have been asked by Mr. Javors several months ago to appear as a witness before the Labor Board to testify regarding some case that involves local 12 of the Laundry Workers Union. At that time I told Mr. Javors that I knew nothing about the case and I refused to be bothered. I am a wage earner and am employed and I cannot spend any time testifying in any courts. I refused to accept any summonses to testify and instructed my wife not to accept any such papers.

I do not know anything about the case that is going on in the Labor Board. I do not know anything at all about the Arrow Linen Laundry. I do not know who owns the Arrow Linen Laundry or even where they are located. I do not know anything about the affairs of local 12, Laundry Workers Union. I do not know anything at all about the membership of local 12 or what shops or how

many shops they have contracts with. I do not know anything about the finances of local 12.

I am not active in the affairs of the Federated Service Workers Union. The last meeting that I attended was in August 1953 at the election of officers. At that time I refused to run again for president but I was promised that if I accepted the office that I would have no active duties to perform. Since I am a working man and have to support my wife and family, I cannot spend any time at meetings or in union work. I have not attended any further meetings of the union although I have received several notices of meetings of the board of trustees of Federated.

I have no actual knowledge as to the granting of the application for a charter for local 12. I do not know who were the people who formed local 12. There is nothing that I can testify to other than I have stated in this affidavit.

I do not receive any salary from the Federated Service Workers Union. All its affairs are conducted by the secretary-treasurer, Mr. Javors, and its meetings are conducted by the vice president, Hexton Harden.

I have come up to the office of Mr. Javors to make this affidavit so that I would not be bothered any more about this Labor Board case or any other case.

WILLIAM EVANS.

Sworn to before me this 31st day of July 1954.

SOL JAVORS,

Notary Public, State of New York, No. 41-7077400 Qual. in Queens County.
Commission expires March 30, 1956.

Mr. KENNEDY. The same situation existed for the people that followed Mr. Evans, the presidents that followed Mr. Evans? They also just lent their names to it?

Mr. JAVORS. That is correct.

Mr. KENNEDY. There have been approximately 12 local charters issued by this international?

Mr. JAVORS. I would think that is a fair figure.

Mr. KENNEDY. There is the Bank Employees Union Local 10; and then the Journeymen Barbers Union Local 11. Do you know anything about that?

Mr. JAVORS. No. I know that was the first active union to be chartered. Local 10 never became active.

Mr. KENNEDY. Were you personally ever a barber?

Mr. JAVORS. No, I wasn't.

Mr. KENNEDY. Well, you have a statement here. The statement here says:

We, the undersigned, consisting of more than 10 people employed as journeymen barbers in the city of New York desire to form a union, and do hereby request the issuance of a charter for Journeymen Barbers Union local in the city of New York.

Your name appears on it.

Mr. JAVORS. I don't recall ever putting my name on it.

Mr. KENNEDY. You weren't a barber at the time?

Mr. JAVORS. I never have been.

The CHAIRMAN. I will ask you to look at your signature and see if you identify it.

(The document was handed to the witness.)

The CHAIRMAN. I have presented to you a document dated August 31, 1950, addressed to William Evans, president, Federated Service Workers Union.

State if you identify your signature on it or if it is not your signature.

Mr. JAVORS. That definitely is my signature.

The CHAIRMAN. It is your signature?

Mr. JAVORS. Yes.

The CHAIRMAN. You don't recall it?

Mr. JAVORS. I don't recall the circumstances of signing it. I know I have never been a barber.

The CHAIRMAN. You at that time were promoting unionism, obviously.

Mr. JAVORS. That is correct.

The CHAIRMAN. You were signing anything to get a charter and promote a union.

Mr. JAVORS. I don't recall the circumstances either of the signing, or why.

The CHAIRMAN. But you do recall that you are not, and have not, been a barber?

Mr. JAVORS. That is correct.

Mr. KENNEDY. There was the Bank Employees Local 10, Journeymen Barbers Local 11, Laundry Workers Local 12 and 12-A, Restaurant Local 14, Journeymen Barbers, again, local 15, Clerical Workers Union Local 16, Mechanical Workers Union No. 17, and Messengers Local Union No. 512. They really spread themselves around.

Mr. JAVORS. That is right.

The CHAIRMAN. Make the document that I showed the witness exhibit No. 25.

(Document referred to marked "Exhibit No. 25" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Where would you have your meetings?

Mr. JAVORS. The meetings for Federated?

Mr. KENNEDY. Yes.

Mr. JAVORS. Well, the original meeting was held at the Labor Lyceum in Brooklyn. Subsequently we had a number of meetings at various restaurants, usually in Brooklyn. We had one meeting, I recall, at the St. George Hotel.

Mr. KENNEDY. You would have them in various restaurants, also?

Mr. JAVORS. That is correct. On occasions there would be meetings in my office.

Mr. KENNEDY. This, actually, was just a paper union that handed out charters, was it not, as it turned out?

Mr. JAVORS. No; I wouldn't put it quite as drastically as that. We were a small, independent union. Apparently, during my being with Federated, the only one of any success was local 12, the Laundry Workers local, and that, to my knowledge, has always functioned smoothly and properly.

Mr. KENNEDY. Do you think this idea of a group of people getting together and, without any office, just getting together and forming an international and granting local charters out as they see fit—do you think that is a proper way to proceed?

Mr. JAVORS. Well, in retrospect, certainly, I would say that if this committee accomplished nothing else but help to enact legislation which would prevent the easy and indiscriminate chartering of locals, I would call the contribution of this committee most worthwhile.

Mr. KENNEDY. That is exactly what was going on here, was it not? As you look back on it, that is. Maybe you did not realize at the

time, but as you look back on it it was, in fact, a paper international. All you had, you said, was a phone which, you said, nobody used particularly. The only place you met was in various restaurants around town, and when Mr. Amalfitano had been granted to some local union, you would grant a charter and the people were in business.

Mr. JAVORS. That would be a pretty accurate description; yes.

The CHAIRMAN. I hand you a document dated September 24, 1957, which purports to be, as I read it, minutes of the meeting held in Foffe's Restaurant. It appears to bear your signature. I ask you to examine it and see if you identify it as purported or what you intended to be minutes of a meeting that you held at that time.

(Document handed to the witness.)

Mr. JAVORS. Yes. This is in my handwriting and signed by me.

The CHAIRMAN. In other words, you just happened to meet there, or someone called you, you met at this restaurant, had this meeting and granted a charter?

Mr. JAVORS. No, I wouldn't put it that way.

The CHAIRMAN. How did it happen that you met?

That may be made exhibit No. 26.

(Minutes referred to were marked "Exhibit No. 26" for reference and will be found in the appendix on p. 16935.)

Mr. JAVORS. Normally the way a charter was issued, the mechanics would be as follows: A letter would be received at the office of Federated requesting a charter. I, then, would send out letters to the members of Federated, the board of trustees, and the officers, suggesting that a meeting be held at a certain place and time for the purpose of discussing whether or not a charter should be issued. That meeting might have taken place at Foffe's Restaurant in this particular case.

The CHAIRMAN. In other words, after you got a request for a charter, you would send out notices or write them and say "Let's meet at a certain place and discuss it"?

Mr. JAVORS. That is correct.

The CHAIRMAN. That is probably what you did at that time?

Mr. JAVORS. That is correct.

The CHAIRMAN. And you decided to issue the charter?

Mr. JAVORS. Yes.

Mr. KENNEDY. Exhibit 26 is all of the minutes of that meeting, Mr. Chairman.

In June 1957 you granted a charter to local 26, the Restaurant and Catteria Employees Union.

Mr. JAVORS. Apparently.

Mr. KENNEDY. And that was to a gentleman by the name of Al Gallo who signed the letter requesting that charter?

Mr. JAVORS. I would not recall.

Mr. KENNEDY. Do you know anything about Gallo?

Mr. JAVORS. No.

Mr. KENNEDY. Do you know anything about his two brothers?

Mr. JAVORS. Never heard of them, met them, or had any dealings whatsoever.

Mr. KENNEDY. Amalfitano suggested these people?

Mr. JAVORS. I would think so, in view of what has happened.

Mr. KENNEDY. Were you acquainted with Joseph Iovine, who was the uncle of the Gallo's?

Mr. JAVORS. I have never met him.

Mr. KENNEDY. He was also an applicant and later became president of that local.

Mr. JAVORS. I never knew anything of them.

Mr. KENNEDY. When Mr. Profacci was arrested and they went through his address book and cards that he had, one of the cards that he had in his possession was a card from this local.

Here is the letter requesting the charter.

Then a letter dated October 16, 1957, requested a cigarette vending machine employees charter for local 19. Do you remember that?

Mr. JAVORS. Yes; I do.

Mr. KENNEDY. Who suggested you grant that charter?

Mr. JAVORS. Mr. Amalfitano.

Mr. KENNEDY. The letter purports to be from a man by the name of Diagio Latirano and six others. Did you know him?

Mr. JAVORS. No. I knew none of the signatories of that letter.

Mr. KENNEDY. Did you know the Gallos being behind that local?

Mr. JAVORS. I did not.

Mr. KENNEDY. With the system that you used, of course, anybody, any group, no matter what their backgrounds or records, could get these charters, could they not, relying on Mr. Amalfitano?

Mr. JAVORS. Well, if Mr. Amalfitano advocated the issuance of such charter, I would say that such charter would have been issued.

Mr. KENNEDY. A number of those locals that were given charters got into a good deal of difficulty with the law.

Mr. JAVORS. Well, the only one that I know of, other than possibly local 19, was this local 512, which, as I say, we revoked the charter on prior to their indictment.

Mr. KENNEDY. Mr. Chairman, we have an affidavit from another one of the presidents of this international, bearing on the same subject.

The CHAIRMAN. This affidavit may be printed in the record at this point.

(The affidavit referred to follows:)

I, Frank Rabinow, of 1770 Andrea Road, East Meadow, N.Y., give the following voluntary statement to James P. Kelly, who has identified himself as a staff member of the U.S. Senate Select Committee on Improper Activities in the Labor and Management Field.

I received a telephone call some time in the fall of 1956 from a Sol Javors whom I have known for many years at which time he requested that I do him a favor by assuming the office and title of president of Federated Service Workers Union. The purpose of this appointment was to serve an interim period of about 3 months pending the election of a new president. I was not a member of any local union affiliated with the Federated Service Workers Union or any other labor organization at this time.

Several days later I met with Mr. Javors, a Mr. John Amalfitano and one other unidentified man in Foffe's Restaurant on Montague Street in Brooklyn. During a luncheon I discussed with Mr. Javors and Mr. Amalfitano that I would only work for approximately 3 months. I consented. During my period as "president" I never signed any letters, visited any office of the Federated or performed any official acts in connection with this union. At no time did I attend any meetings of the union or sign any checks or authorize any disbursements from this union. After approximately 3 months I notified Mr. Amalfitano by telegram c/o Federated Service Workers Union informing him of my resignation as president of this union. Since that time I have never seen Mr. Amalfitano or spoken to him on the telephone.

I have read the foregoing statement and to the best of my recollection and believe, the facts contained herein are true.

(Signed) FRANK RABINOW.

Sworn to before me this 14th day of October 1958.

(Signed) SOL JAVORS,

Notary Public, State of New York, No. 30-7077400, Qualified in Nassau County.

Commission expires March 30, 1960.

Witness:

Det. CYRIL T. JORDAN,
No. 1142, C.I.S.

Mr. KENNEDY. May we have this made an exhibit, too, Mr. Chairman?

Mr. MAY can identify it. This is a request to have a local charter granted.

The CHAIRMAN. May I present to you a letter, Mr. May.

You have been previously sworn. I ask you to examine the letter and state if you identify it.

Mr. MAY. Yes, Senator. This is apparently a request for a charter from a person by the name of Al Gallo. We received this original letter from Mr. Charles Wapner, who was administrator of the welfare fund for Local 12, Federated Service Workers Union.

The CHAIRMAN. The letter may be made exhibit No. 27.

(Document referred to was marked "Exhibit No. 27" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Did you know anything about the operation of these locals after you granted the charters, Mr. Javors?

Mr. JAVORS. No, sir.

Mr. KENNEDY. Did you ever look to find out if they had contracts or anything?

Mr. JAVORS. No. Each local was supposed to function autonomously. The only purpose of the Federated, the international, was to step in should there be any complaints about any improper or illegal functions of any of the locals. So we had nothing whatever to do with the running of each particular local.

Mr. KENNEDY. Mr. Amalfitano actually ran this union, did he not, for all practical purposes?

Mr. JAVORS. Well, if we consider that the only successful local in my opinion was local 12, which Mr. Amalfitano ran, then your statement is certainly an accurate one.

Mr. KENNEDY. I am talking about the operations of the international. This was really Mr. Amalfitano's operation, because you were granting charters at his suggestion.

Mr. JAVORS. Generally a charter would be granted at his suggestion, yes, and your statement is accurate.

Mr. KENNEDY. For instance, we have found, just from an examination, from looking at the contracts of local 21 of your union with Roeder Auto Body Co., Inc., of Brooklyn, N.Y., an examination of the contract reveals that there is no provision for wages at all, and that many of the other important paragraphs in a contract, important clauses in the contract are left in blank.

Mr. JAVORS. I would know nothing whatever of that. That wasn't my function.

Mr. KENNEDY. You just signed the charters?

Mr. JAVORS. Apparently.

The CHAIRMAN. I hand you what purports to be an original letter, handwritten, addressed to you, or addressed to the Federated Services Workers Union, dated October 16, 1957.

I will ask you to examine it and state if you identify it.

(Document was handed to the witness.)

Mr. JAVORS. Yes. This was the letter received by Federated requesting a charter be granted to what is now local 19.

The CHAIRMAN. To what is now local 19?

Mr. JAVORS. That is correct.

The CHAIRMAN. That letter may be made exhibit No. 28.

(Document referred to was marked "Exhibit No. 28" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. From your personal experiences in this field, do you see that one individual can own an international union and then grant local charters out as the system is at the present time?

Mr. JAVORS. As the system is at the present time, apparently it can be done. I feel it is improper. I feel that certainly it gives too much responsibility to an individual who might well abuse that responsibility.

The CHAIRMAN. In other words, we need some legislation to make it impossible for this practice to be engaged in?

Mr. JAVORS. I would be wholeheartedly in favor of such legislation.

The CHAIRMAN. Mr. Javors, I think you are to be commended for coming here and telling the truth about the operation. In retrospect, as you say, you realize now it should not have been handled in that way.

Mr. JAVORS. Yes, sir.

The CHAIRMAN. You probably were motivated by a desire to really be helpful to working people. But it clearly demonstrates again and again that the power that is reposed in labor organizations is a power that must be controlled and restricted.

Mr. JAVORS. I agree.

The CHAIRMAN. Senator Church, do you have any questions?

Senator CHURCH. No, Mr. Chairman, I do not have any questions.

I join with you in expressing my appreciation to the witness. It is in this way that we ascertain what would be appropriate in the way of new legislation.

Your testimony has been very helpful.

Mr. JAVORS. Thank you.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until next Tuesday morning at 10:30 o'clock.

(Members of the select committee present at the taking of the recess were Senators McClellan and Church.)

(Whereupon, at 4 p.m., the committee recessed, to reconvene at 10:30 a.m., Tuesday, February 17, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, FEBRUARY 17, 1959

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee), presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter De Vaughn, investigator; James P. Kelly, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, the next witness is Mr. Sidney Saul, from Brooklyn, N.Y.

The CHAIRMAN. Come forward, please. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SAUL. I do.

TESTIMONY OF SIDNEY SAUL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SAUL. Sidney Saul, Brooklyn, N.Y. I am a salesman.

The CHAIRMAN. You waive counsel?

Mr. SAUL. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, I might say before I begin the questioning of this witness that in this phase of our investigation we have had tremendous help and assistance from the district attorney in

Brooklyn, and without that help and assistance we would not have this witness today, nor be able to develop some further facts in connection with him.

During the whole of this investigation into the coin-machine business, they have rendered great assistance to the committee as, of course, the district attorney in Manhattan, Mr. Hogan, as well as the commissioner of police, Mr. Kennedy.

Mr. Saul, you were a partner in a television and appliance business?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. Some time ago; is that right?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And the business was not successful and you were looking around for another business; is that right?

Mr. SAUL. Yes; I was.

Mr. KENNEDY. This would be in 1954 or so?

Mr. SAUL. About that time.

Mr. KENNEDY. You had a relative, Mr. Sanford Warner, who was head of AAMONY?

Mr. SAUL. Well, he was a relative through marriage.

Mr. KENNEDY. He was head of the amusement game jukebox association—just the game association?

Mr. SAUL. Not at that time.

Mr. KENNEDY. He was a game and jukebox operator at that time?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And subsequently became head of the game association?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. Did he suggest that you go into this business, the game and jukebox business?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And eventually, in March of 1956, you did; is that right?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And you obtained a route of some 22 machines?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. Was that game machines or jukebox machines?

Mr. SAUL. Both.

Mr. KENNEDY. Did you buy those?

The CHAIRMAN. Did you buy that route?

Mr. SAUL. Yes; I did.

Mr. KENNEDY. Were you a member of any union then?

Mr. SAUL. I then became a member, automatically became a member, of the union that was associated with the machine operators association.

Mr. KENNEDY. That was local 1690 of the Retail Clerks; is that right?

Mr. SAUL. I don't remember the number.

Mr. KENNEDY. When you came into the association, you automatically became a member of this union?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. The record has shown, Mr. Chairman, that is was local 1690.

But you didn't know anything about its operation?

Mr. SAUL. No, sir.

The CHAIRMAN. Did you know you were becoming a member of a union when you bought this game route?

Mr. SAUL. I did, sir.

The CHAIRMAN. You knew when you bought it that you automatically became a member of the local union?

Mr. SAUL. Yes.

The CHAIRMAN. You don't remember its number?

Mr. SAUL. I don't believe it was 1690.

Mr. KENNEDY. It might have been 433, then?

Mr. SAUL. Yes.

Mr. KENNEDY. 1690 was the jukeboxes and 433 was the game.

Mr. SAUL. Yes, that is right; 433.

The CHAIRMAN. You know you became a member of some union, but you don't know which it was?

Mr. SAUL. It was 433.

Mr. KENNEDY. That was the game union?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. When you joined the jukebox association, didn't you also belong to the jukebox local?

Mr. SAUL. I joined myself.

Mr. KENNEDY. Did you join it yourself?

Mr. SAUL. Yes.

Mr. KENNEDY. What local was that?

Mr. SAUL. 1690.

Mr. KENNEDY. Subsequently you joined that?

Mr. SAUL. Yes.

The CHAIRMAN. Did that make you a member of both locals?

Mr. SAUL. Yes, sir.

The CHAIRMAN. In other words, to operate a game machine you had to belong to 433?

Mr. SAUL. Yes, sir.

The CHAIRMAN. And to operate jukeboxes you had to belong to 1690?

Mr. SAUL. Yes, sir.

The CHAIRMAN. And 1690 was the Clerks' union?

Mr. SAUL. Yes, sir.

The CHAIRMAN. What was 433?

Mr. SAUL. That was a Retail Clerks Union, too, I believe.

The CHAIRMAN. Both of them were Retail Clerks?

Mr. SAUL. Yes.

The CHAIRMAN. I don't know why you would have to belong to two locals.

Mr. SAUL. Well, one worked with the game machines and the other one consisted mainly of jukeboxes.

The CHAIRMAN. So you had to belong to two different locals; pay two different sets of dues?

Mr. SAUL. Yes, sir.

Senator CAPEHART. Did you say you had to belong? What do you mean by that?

Mr. SAUL. No; I don't believe I had to belong.

Senator CAPEHART. Did you join of your own volition?

Mr. SAUL. Yes, I did.

Senator CAPEHART. No one forced you to join?

Mr. SAUL. No.

Senator CAPEHART. They did not?

Mr. SAUL. No, sir.

Senator CAPEHART. Were you the owner of the business?

Mr. SAUL. Yes, I was.

Senator CAPEHART. What do you mean, then you did join? What do you mean, as owner of the business? Did you join the union as an owner of the business or do you mean your employees joined the union?

Mr. SAUL. As owner and operator. I operated my own business.

Senator CAPEHART. You did all the work?

Mr. SAUL. Yes, sir.

Senator CAPEHART. Therefore, you were the owner and the workman?

Mr. SAUL. Yes, sir.

Senator CAPEHART. And as the owner and workman, you became a member of this union?

Mr. SAUL. Yes, sir.

Senator CAPEHART. But they did not force you to become a member?

Mr. SAUL. Well, if I remember correctly—it is a little hazy in my mind—I think 433 automatically sent me a bill, a statement, for union dues. The other union I joined on my own free will.

Senator CAPEHART. Could you have operated these machines if you hadn't joined the union?

Mr. SAUL. I don't believe I could have.

Mr. KENNEDY. In May of 1957 you received a service call from one of your locations?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. A restaurant called the Wagon Wheel?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. At 6610 14th Avenue, Brooklyn, N.Y.; is that right?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. You referred the call to your freelance serviceman at that time?

Mr. SAUL. I did.

Mr. KENNEDY. Later that day you called at the Wagon Wheel; is that right? You called there, yourself?

Mr. SAUL. I called on the phone.

Mr. KENNEDY. You called on the phone and you spoke to the serviceman?

Mr. SAUL. The serviceman was there at the time.

Mr. KENNEDY. That is the one you had sent over?

Mr. SAUL. Yes.

Mr. KENNEDY. Would you relate to the committee what happened after that?

Mr. SAUL. Well, the serviceman said it wasn't an actual service call, that somebody had deliberately broken the glass of the jukebox, thinking that I would be there to service the machine. They wanted to see me. So he said the party that did it or said he had done it was in the store at the time.

He put him on the telephone to speak to me. He said he wanted to see me. I asked who I was talking to, and he wouldn't give me his name. So I said, "Well, I don't know who you are. I certainly am not going to come down and see you."

At that time he gave the excuse that he was the brother of the owner of the luncheonette, and that if I didn't come down, he would smash the machine and see that it was thrown out into the street. So I made an appointment to see him that evening. I came at the appointed time and when I got to the location there was somebody waiting in a car in front of the location for me, and beckoned to me to come to the car. I went to the car and he asked me to sit down. He asked me if I was Sid, and whether I owned the machine in that location. I said I did.

The CHAIRMAN. Is this the same place where the machine was broken that morning?

Mr. SAUL. Yes, sir.

The CHAIRMAN. And the same place where you had sent your serviceman?

Mr. SAUL. Yes, sir.

The CHAIRMAN. The same location from which you got the call from the man at the time you made the appointment?

Mr. SAUL. Yes, sir.

The CHAIRMAN. All right.

Mr. SAUL. He said he wanted to take me someplace and talk to somebody. I didn't want to leave my car at that location at that time and come back there, so I suggested that I follow him in my car. He said, "No, if you don't want to leave your car here, I will go in your car and tell you where to go."

So he got into my car and started directing me where we were headed for. During the trip he asked me how I got the location. At that time, I believe the location—I may have been operating a machine at that location about 2½ years.

The CHAIRMAN. You had had that location for 2½ years at the time this incident occurred?

Mr. SAUL. Yes.

The CHAIRMAN. And this man was asking you how did you get the location?

Mr. SAUL. Yes.

The CHAIRMAN. All right.

Mr. SAUL. I told him how I came to that location. He went on to say that the location belonged to him.

The CHAIRMAN. It belonged to him?

Mr. SAUL. Yes, sir.

The CHAIRMAN. That is, you had had it 2½ years and he had made no claim to it prior to that?

Mr. SAUL. That is right. Then his conversation went off the regular path, and he kept threatening me all the way down to where we were going.

The CHAIRMAN. Threatening you how?

Mr. SAUL. That he would kill me. And they would find my body lying off the Belt Parkway.

The CHAIRMAN. What did he want? What was he wanting?

Mr. SAUL. He didn't make sense in his conversation as to what he actually wanted. I was trying to read between the lines and pacify him.

Mr. KENNEDY. What is the Belt Parkway?

Mr. SAUL. Well, that is a parkway used for the purpose of automobile transportation along the shore end of Brooklyn, and very seldom used for pedestrian walk at all.

Mr. KENNEDY. He told you at that time they would find your body there?

Mr. SAUL. Yes, he did.

Mr. KENNEDY. Did he relate this a number of different times?

Mr. SAUL. Well, he repeated that about five or six times.

Mr. KENNEDY. That he was going to kill you?

Mr. SAUL. Yes.

Mr. KENNEDY. Do you know who he is?

Mr. SAUL. Yes.

Mr. KENNEDY. What is his name?

Mr. SAUL. I didn't know his name at the time, but I know now that his name is Ernest Filocomo.

The CHAIRMAN. Would you recognize a picture of him?

I hand you a picture and ask you to state if you identify the person in the picture.

(The photograph was handed to the witness.)

Mr. SAUL. Yes; that is the man.

The CHAIRMAN. That is the fellow you have been talking about?

Mr. SAUL. Yes.

The CHAIRMAN. That you met there and had the appointment with and who drove you around and threatened to kill you?

Mr. SAUL. Yes.

The CHAIRMAN. That picture may be made exhibit No. 29.

(Photograph referred to was marked "Exhibit No. 29" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, Mr. Filocomo is known as Ernest Kippy.

The CHAIRMAN. Do you know him by that name, by the name of Kippy?

Mr. SAUL. Well, when I asked his name he said his name was Kip.

Mr. KENNEDY. He has seven arrests and five convictions. He has been convicted for unlawful entry, convicted for burglary.

The CHAIRMAN. Do we have a police record?

Mr. KENNEDY. Yes. And disorderly conduct.

The CHAIRMAN. Who obtained it? Let it be sworn to and placed in the record.

Have you been previously sworn in this proceeding?

Mr. CORRIGAN. Yes, sir.

TESTIMONY OF JOSEPH CORRIGAN—Resumed

The CHAIRMAN. Do you have the police record of this man?

Mr. CORRIGAN. Yes, sir. This is a New York City Police Department record of one Ernest Filocomo, alias Ernie Kippy. The record shows—

The CHAIRMAN. You procured it from the police department?

Mr. CORRIGAN. I did, sir.

The CHAIRMAN. That may be made exhibit No. 29A.

Mr. KENNEDY. I would just like to get it summarized.

The CHAIRMAN. You can summarize it. It has been made an exhibit.

(Document referred to marked "Exhibit No. 29A" for reference and may be found in the files of the select committee.)

Mr. CORRIGAN. The record shows some seven arrests with five convictions. The convictions are for unlawful entry, for burglary, disorderly conduct, assault, and for policy.

Mr. KENNEDY. And he spent some time in Sing Sing for the assault, did he?

Mr. CORRIGAN. That is correct, sir.

Mr. KENNEDY. Sentenced in 1944 for 4 to 5 years in Sing Sing. Is that correct?

Mr. CORRIGAN. Yes, sir.

Mr. KENNEDY. Where did Mr. Filocomo direct you to drive?

Mr. SAUL. We finally ended up in a luncheonette on Church Avenue near McDonald Avenue in Brooklyn, called Jackie's.

Mr. KENNEDY. Jackie's?

Mr. SAUL. Yes.

Mr. KENNEDY. Do you know who owned Jackie's restaurant?

Mr. SAUL. No, I didn't know who owned it.

Mr. KENNEDY. Relate what happened.

Mr. SAUL. Well, we went into Jackie's restaurant and he introduced me to a man called Larry Gallo.

Mr. KENNEDY. G-a-l-l-o?

Mr. SAUL. Yes.

Mr. KENNEDY. Did you know who Larry Gallo was?

Mr. SAUL. No. I never met him before.

And Mr. Gallo invited me to sit down and have a cup of coffee with him. Filocomo sat down next to us. Mr. Gallo asked me how I got that location. I told him the same story. He said that the location had belonged to him. I told him that I didn't know anything about it and that I had come about the location in an honest manner, that we had purchased the location from the owner of the luncheonette. We had a contract with him and there weren't any problems at all.

Then Mr. Gallo asked me how many machines I had. I told him I had eight machines.

The CHAIRMAN. You only had eight at that time?

Mr. SAUL. Yes. That is what I told Mr. Gallo.

The CHAIRMAN. That is what you told him?

Mr. SAUL. That is what I told him.

Mr. Gallo suggested that he had the same amount of machines that I had, that we become partners, and that I would operate the route. I told Mr. Gallo that I had a very bad taste about the business, I didn't care for it, and was anxious to get out of it. I had been in it more or less to pay off some debts because of a previous business loss, and that I was trying to straighten myself out and get out of that business.

Mr. Gallo said that if I were to become partners with him that he would have nothing to do with it, that I would operate the business myself, and that he would get me locations.

Mr. KENNEDY. Did he say how he was going to get locations?

Mr. SAUL. No, sir.

Mr. KENNEDY. Did he indicate that there was going to be a lot of money in it for you?

Mr. SAUL. Well, he said I would be well off if I went with him.

Mr. KENNEDY. What was Kip doing during this period of time?

Mr. SAUL. During the conversation a few times Kip started threatening me again, and finally Mr. Gallo sent him out.

Mr. KENNEDY. Again, that he was going to kill you?

Mr. SAUL. Well, he said—he didn't actually say that he would kill me in the restaurant, but he said they would find my body off the Belt Parkway, which was practically the same thing. He kept saying that for everyone like him that was arrested, or that was found, there would be 100 more like him.

Mr. KENNEDY. Do you mean if you turned him in?

Mr. SAUL. If I turned him in, there would be 100 more like him that would take his place.

Mr. KENNEDY. That would get you if you turned his name over to anyone?

Mr. SAUL. Yes.

Mr. KENNEDY. Finally Gallo sent him away; is that right?

Mr. SAUL. Gallo sent him out, yes.

Mr. KENNEDY. What finally happened between you and Gallo? What did you finally decide to do?

Mr. SAUL. Well, I believe Mr. Gallo thought I was sincere about what I said, and he gave me his card and said that if at any time I decided I wanted to go further into the business, he would be happy to go into further discussion about it.

Mr. KENNEDY. Did he introduce you to another man and say that he had set him up in business?

Mr. SAUL. Yes; he did.

Mr. KENNEDY. That was before you left the restaurant?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. He gave you a card, did he, before you left?

Mr. SAUL. Yes.

Mr. KENNEDY. What did the card say?

Mr. SAUL. Well, actually he marked his name on the back of the card and his telephone number.

Mr. KENNEDY. What did the front of the card say?

Mr. SAUL. I believe it had to do with some kind of a laundry workers union, or cafeteria workers.

Mr. KENNEDY. Local 26 of the Cafeteria Workers?

Mr. SAUL. Yes.

Mr. KENNEDY. Local 26, Cafeteria Workers Union, FSWU, Federated Service Workers Union?

Mr. SAUL. Yes; that was the card.

Mr. KENNEDY. Did you know what connection Gallo had with this union?

Mr. SAUL. No, sir.

Mr. KENNEDY. Did he speak to you at all about the union at that time?

Mr. SAUL. No, sir.

Mr. KENNEDY. You left the restaurant. Then in October 1957 did you receive another call?

Mr. SAUL. Yes. I received a call to call Wagon Wheels.

Mr. KENNEDY. The same place?

Mr. SAUL. Yes.

Mr. KENNEDY. Go ahead.

Mr. SAUL. I called Wagon Wheels and they told me that Kip wanted to talk to me. So I said I would be down at my convenience within the next few days.

When I came there somebody went out to get this fellow Kip.

I waited a few minutes and Kip came walking in. Kip asked me to do him a favor. This time he was very friendly.

He asked me to do him a favor. He wanted me to sign with his union, which was a union for jukeboxes. I told Kip at the time that I only had one jukebox and I couldn't be of any value to him. He said it didn't matter, but I would be helping him a great deal.

He said that I should go to Jackie's Luncheonette and see Mr. Gallo, and Mr. Gallo would have the forms for me to sign.

Mr. KENNEDY. What union did he say this was?

Mr. SAUL. When I asked him he said it was local 19.

Mr. KENNEDY. And he said that it would be a big help to them if you would join the union?

Mr. SAUL. Yes.

Mr. KENNEDY. Did you tell him that you were already in a union?

Mr. SAUL. Yes; I did.

Mr. KENNEDY. What did he say about that?

Mr. SAUL. He said it didn't matter.

Mr. KENNEDY. And he suggested you go back to the restaurant where you had gone originally and meet Mr. Gallo and sign up with local 19?

Mr. SAUL. Yes.

Mr. KENNEDY. Did you understand that the Gallos at that time owned local 19?

Mr. SAUL. Well, I hadn't never heard of it before; I knew nothing about it. That is, when I say I hadn't heard about it, I hadn't heard about Mr. Gallo being associated with local 19. But I did hear rumors that local 19 was trying to get in, and it was a problem union.

Mr. KENNEDY. So what did you do then? Did you tell him that you would?

Mr. SAUL. I told him that I would, at my convenience I would go to Jackie's Luncheonette and sign up.

Mr. KENNEDY. Did you ever go down there?

Mr. SAUL. No, sir; I didn't.

Mr. KENNEDY. On December 19, you just left the restaurant and they allowed you to leave peacefully?

Mr. SAUL. I think you have your dates wrong.

Mr. KENNEDY. Well, in October when you went down and met with Kip and had this conversation about the local union. You left—

Mr. SAUL. On a friendly basis.

Mr. KENNEDY. Then on December 19, 1957, you were having dinner at home that evening, on or about December 19?

Mr. SAUL. Yes.

Mr. KENNEDY. That is when you received a telephone call?

Mr. SAUL. I received a telephone call while I was in the midst of my dinner, and when I answered the phone, the voice at the other

end questioned me as to whether I was the "Sid" that had the jukebox in the Wagon Wheels. I said I was, and he said he wanted to see me right away, at Wagon Wheels. I said I couldn't readily do that, I was having my dinner, and I questioned as to whom I was speaking to. He said it didn't matter who I was speaking to, and that he wanted to see me.

I said, "If I didn't know who I am talking to, I am not going to come down."

He said, "Unless I see you here very shortly, your machine will be out in the gutter," practically the same threat I had the last time, that my machine would be out in the gutter and smashed to bits, beyond use.

I thought it best that I go down to see him, and I arranged an appointment for about 8 o'clock that evening.

Then I went to the Wagon Wheels.

Mr. KENNEDY. Before you arrived there, did you take some steps to protect yourself?

Mr. SAUL. Yes. I was kind of worried about going there, from the conversation by the party at the other end of the wire, so I called my service telephone number and told the operator that I was going in to meet somebody that I did not know and I didn't like the sound of it, and if everything was all right I would call her back within a half hour, and if I didn't call her back within a half hour for her to notify the local police that something was wrong.

When I got to the location I was directed to the back part of the luncheonette, which is up two short steps and which has a series of tables in the back room. This back room is not closed, but it is all open, the same width as the front part of the store.

I sat down at the table with two men that I had never met before. I later found out their names.

Mr. KENNEDY. Who did you find out that they were?

Mr. SAUL. I found one was Charles Panarella and the other fellow was Dutch Tuzio.

Mr. KENNEDY. P-a-n-a-r-e-l-l-a; and the other gentleman is T-u-z-i-o?

Mr. SAUL. Yes, sir.

The CHAIRMAN. I hand you two photographs and ask you to examine them and state if you identify them.

(Photographs were handed to the witness.)

Mr. SAUL. This is Charles Panarella.

The CHAIRMAN. That may be made exhibit No. 30.

(Photograph referred to was marked "Exhibit No. 30" for reference and may be found in the files of the select committee.)

Mr. SAUL. And this man is Tuzio.

The CHAIRMAN. That may be made exhibit 30A.

(Photograph referred to was marked "Exhibit No. 30A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Mr. Counsel, do we have the criminal records of these men?

Mr. KENNEDY. We do.

The CHAIRMAN. Did you procure those criminal records from the New York Police Department?

Mr. CORRIGAN. Yes, sir.

The CHAIRMAN. They may be made exhibit 30A1 and 2. Keep them identified with the pictures and photographs.

(Documents referred to were marked "Exhibits Nos. 30A1 and 30A2" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could I summarize this?

The CHAIRMAN. You may summarize them because they have been made exhibits.

Mr. KENNEDY. Mr. Charles Panarella, alias Len Conforti, has been arrested eight times and convicted five times. He has been convicted for assault; grand larceny with an auto; burglary, for which he received 5 to 10 years in Sing Sing; violation of his parole twice; and disorderly conduct with dice.

Mr. Anthony "Dutch" Tuzio has been arrested seven times, has three convictions. He has been convicted of burglary twice, and he has been convicted once for murder, for which he received a sentence in 1934 of 20 years to life, plus 5 to 10 years additional for being armed. In 1957 the original sentence was vacated and he was then sentenced for manslaughter in the first degree and received a 15- to 22-year sentence. As his time expired, he was freed at that time, 1957, just prior to his meeting with this gentleman.

The CHAIRMAN. In other words, he was just out of the penitentiary at the time this interview with you took place?

Mr. SAUL. I didn't know the man at all, sir.

The CHAIRMAN. You didn't know him; he was a stranger?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. He had just been out of Sing Sing for a conviction of murder which in 1947 was lowered to manslaughter in the first degree.

The CHAIRMAN. All right.

Mr. KENNEDY. Would you relate the conversation, please, that you had with this gentleman?

Mr. SAUL. Well, when I sat down at the table, this Panarella started the questioning. He asked me how I got into the location, approximately the same questions I was asked the last time; how many machines I was operating, and they went into other phases, parts of conversation, that had nothing to do with jukeboxes.

It seems as though they had tried calling my home the day before, which was on a Sunday, and I wasn't home. They had spoken to one of my sons. They wanted to know where I was that Sunday.

During one part of the conversation I just raised my finger and pointed it at Panarella, unmeaningly, and with that he took an open hand and just slapped me across the jaw.

I am jumping ahead of myself.

There was about 25 minutes wasted with very little conversation prior to that, so I excused myself and went to the telephone to call my service operator, telling her that it seemed like there was nothing wrong, that the fellows just wanted to ask me some questions and for her to forget the instructions I had given her prior to my arriving at this luncheonette.

Then when I came back I wasn't sitting more than about 2 or 3 minutes when Panarella just slapped me across the face, but pretty hard.

At that time he said—he made the same type of an offer that Mr. Gallo made, that he would put up an equal amount of equipment for us to become partners, and that I would do the operating of it and we would go further into this business.

I told him the same thing about having a distaste for the business. Then he wanted to know what I was going to do for him in that particular location that we were at.

Mr. KENNEDY. Did he ask you first how many machines you had?

Mr. SAUL. Yes.

Mr. KENNEDY. What did you tell him?

Mr. SAUL. I told him three.

Mr. KENNEDY. What did he say then?

Mr. SAUL. He said, "I thought you had eight."

Mr. KENNEDY. The only place he could have gotten that conversation was from your conversation with Mr. Gallo, originally, or with Kippy?

Mr. SAUL. Yes, sir.

Senator CAPEHART. How many machines did you actually have?

Mr. KENNEDY. I think he would rather leave that. He had more than that.

Mr. SAUL. Yes, sir.

Senator CAPEHART. Why did you tell them you only had three or only had eight?

Mr. SAUL. Well, I didn't want to get involved with him. I thought it would discourage his conversation.

Mr. KENNEDY. Would you continue?

Mr. SAUL. Then he wanted to know what I was going to do for him that location where I had the jukebox. When he said that, I really didn't know what he meant, as to what I was going to do for him. He said, well, the location belonged to him, and he wanted to be a partner in it.

I said I wasn't looking for any partners, I was going to get out of the business completely, just within the next 2 or 3 months I would be out of it.

He excused himself for a minute and walked away from the table. At that time I was left with Tuzio.

Tuzio started questioning me about Sunday again, why I wasn't home. He seemed to doubt me, and I didn't think it had any importance in the conversation at all.

Then Panarella came back.

Originally Panarella sat directly in front of me. I was sitting along right next to the wall, and there was an empty seat on my left. Panarella sat in front of me and Tuzio sat on the other side, too.

But before Panarella came back, Tuzio came and sat next to me and Panarella sat down in the other seat where Tuzio sat before.

Mr. KENNEDY. What had he done when he was away, when he walked away?

Mr. SAUL. I don't know.

Mr. KENNEDY. Had the jukebox been put on?

Mr. SAUL. No. He didn't put the jukebox on.

Then they started asking me for \$500. I don't know why they wanted \$500, but that is what they wanted, \$500. I told them I didn't have that kind of money to give them, and they kept questioning me as to what I was going to do for them on the jukebox; that they wanted to be a partner in this particular location.

With that, this Filocomo walked into the store.

Mr. KENNEDY. This is Kippy?

Mr. SAUL. Kippy.

The CHAIRMAN. That made the third one present?

Mr. SAUL. That made the third one present, yes. He walked right over to the table and he said, "I didn't know you knew these fellows." So I said, "I didn't know them. I just met them."

The CHAIRMAN. Do you mean you didn't recognize him immediately?

Mr. SAUL. No. Kip said to me that he didn't know I knew Panarella and Tuzio. I told him I didn't know them, that I just met them. Tuzio went over and put a coin in the jukebox, came right back and pushed his chair back, instead of sitting in line with me—

Mr. KENNEDY. I am sorry to interrupt you, but didn't Kip mention the union at that time?

Mr. SAUL. Yes. Kip said to me, "You never signed up with 19, did you?"

I said no, that I hadn't had a chance to go to this luncheonette.

Mr. KENNEDY. It was then that they went over and put a coin in the jukebox?

Mr. SAUL. Yes.

Mr. KENNEDY. Then he came back?

Mr. SAUL. Tuzio went and put a coin in the jukebox. He came back and pushed his chair back. With that, Kip took his coat off—he was wearing a short jacket—and before I had a chance to say anything, he started punching into me.

(At this point Senator Ervin entered the hearing room.)

The CHAIRMAN. Started punching you where?

Mr. SAUL. Around my face and head.

The CHAIRMAN. Was that with his fist?

Mr. SAUL. Yes, sir. I started pleading with them, and it didn't seem to have any effect. The only remark was that I was an excellent actor. They kept saying to each other, "This fellow is an actor," because I was pleading with them to stop beating me.

He kept pounding away at my head and face and it got to a point where I was just barely able to keep my head up. Every time I started to plead, Panarella would lift a napkin holder, a commercial-type napkin holder used in luncheonettes, with the open face on both sides, about ten inches high—he lifted it in his hand and said he would bash my skull in if I said anything else.

He kept pounding away and Tuzio kept saying, "If you haven't got \$500, give them \$300. It is cheaper than buying a new set of teeth"—that it would cost me more for a new set of teeth than \$500.

I kept pleading to stop beating me, and Kip just didn't let up.

(Members of the select committee present at this point in the proceedings were Senators McClellan, Ervin, and Capehart.)

The CHAIRMAN. They were beating you then ostensibly to try to make you pay off, \$500 or \$300?

Mr. SAUL. Yes, sir.

The CHAIRMAN. That is what they were demanding while they were beating you?

Mr. SAUL. And they wanted to be a partner in the machine at the location.

The CHAIRMAN. They wanted that too, but as I understood, they kept saying that you should pay off \$500, or if you can't give \$500, give \$300?

Mr. SAUL. Yes.

The CHAIRMAN. What was that payoff for?

Mr. SAUL. Well, they claimed the location belonged to them.

The CHAIRMAN. They claimed the location belonged to them and if you wanted to get along with them you had to pay off?

Mr. SAUL. Yes, sir.

The CHAIRMAN. I see. All right.

Mr. SAUL. Finally, I was bleeding profusely from the right nostril and my mouth, and he stopped punching me.

Mr. KENNEDY. Were you losing consciousness?

Mr. SAUL. I sort of felt I was losing consciousness and I was slumping over the table, yes. With that Panarella ordered some coffee brought to the table. So I wiped the blood from my face and I had the coffee and just barely got through with the coffee—

Mr. KENNEDY. Did one of them bring you a wet towel?

Mr. SAUL. Not then. I just sort of got through with the coffee, and I wasn't even finished when he started asking for the \$500 again. Before I had a chance to look up, Kip was back at me and this time it was really heavy, much heavier than he was before. I didn't know what to say, and I didn't cry, and I just went along and pleaded with them, and I kept pleading with them to stop beating me. This time I was bleeding from both nostrils and my mouth, and I felt myself going to a subconscious mind. Just as my head was slumping over, I could hear everything that was going on, and this Panarella said to Kip to stop, but Kip didn't stop.

He was like a wild man, and he just kept punching away at me, and finally he jumped up from the table and he yelled something to him, "Lascialo," which I later found out meant to stop in Italian, and with that Kip took his jacket and walked out.

Then Panarella ordered some more coffee. At this stage of the game my mouth felt like it was full of sand and I was all full of blood, and Panarella reached over and he straightened my tie. He called for a wet towel, or he got up. He called for one and then he helped wipe the blood off my face.

Mr. KENNEDY. Was the blood coming out your ears also by this time?

Mr. SAUL. Yes, sir; and I couldn't open my mouth at all, and my jaws felt as though they were locked at the end, and I could barely talk and barely say anything. Then he started the conversation again that he wanted to be a partner on the jukebox. Finally, out of desperation I said I would take them in as a partner.

So he said, "Well, I don't want a third of this; I want Paul, the owner of the luncheonette, to have his 50-percent share, but I want to be a partner in your share."

In other words, I was to get 25 percent of the income instead of 50 percent.

I finally agreed to that, and he gave me instructions to leave the money in an envelope, or in a paper bag for him with the owner of the luncheonette.

Before I left he said that if he found out that I had more machines than the three I said I had, there would be trouble.

He also said that I shouldn't make any attempt at taking that juke-box out of that location. He made a statement that if I went to the district attorney, I would be sorry.

With that I went to the mirror to fix myself, and fixed my shirt, and my face, and washed my face, and my nose was completely out of shape, and it was formed like a horseshoe, like a U, and, as a matter of fact, it is out of shape now because of that. But it was like a complete U, just this way.

I left them and I went to my family doctor, and he wasn't in and I then went home; and when I came into my home, my wife realized there was something wrong just by looking at me, and I barely made the chair. My nerves seemed to react more so then than at the time of the beating, and she didn't want me to go any further without seeing a doctor, and so she called a doctor that was used by somebody in the family, just about two blocks from where I live.

We went there, and he sent me to the hospital the next morning, but there were no fractures of any kind. My eye was all closed, completely closed, and my nose was out of shape, and I couldn't chew food for almost 3 weeks. While I was in bed, about 2 days later, I called my truckman and asked him to go to that location and take the machine out.

He called me that morning, and his conversation was something like this—

The CHAIRMAN. Who called you?

Mr. SAUL. My truckman, and he said, "Sid, do you have a partner?" And I said, "No."

He said, "Well, these people won't let the machine go out. They say you have a partner named Charlie and Charlie said that machine doesn't go out, it stays here."

So I tried to speak to the owner, and the owner said he is not letting that machine out, he had instructions from Charlie that it belongs to him, and the machine doesn't go out of the location.

With that I called the attorney for the Game Association, Mr. Blatt, and Mr. Blatt said if I would meet him the next day he would get the machine for me.

When I met Mr. Blatt the next morning, he took me up to the district attorney's office.

Mr. KENNEDY. You have been under the protection of the district attorney's office since that time?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. You have had a police guard since that time?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. Mr. Chairman, I might say that the three men that participated in the beating according to the testimony of the witness, were invited to appear before the committee and told that this testimony would be developed, and we never heard from them again. We did not subpoena them to appear because they are under indictment through the efforts of the district attorney in Brooklyn, and they are going to go to trial. There was one trial which, as I understand, resulted in a hung jury of 11 to 1, and these three gentlemen are going to be retried by the district attorney in Brooklyn.

The CHAIRMAN. It is on these identical charges, or for this offense that you have related here?

Mr. SAUL. Yes, sir.

The CHAIRMAN. They are under indictment for that now?

Mr. KENNEDY. Yes.

The CHAIRMAN. They have been tried one time and they had a hung jury, and you are still under the protection of the district attorney's office?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. Were you ever warned not to go ahead with the trial other than by the people that you have related?

Mr. SAUL. Well, I had a telephone call right after I had gone to the district attorney's office.

The CHAIRMAN. When was that?

Mr. SAUL. When I went to the district attorney's office. It was a few weeks later, I had a telephone call from this Sanford Warner and he said he was sitting at the union meeting with somebody, and they said if anything comes out of this trial, or if anybody gets hurt, I would be in a bad position.

Mr. KENNEDY. He is the president of the Game Association; is that right?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. That is the gentleman that you mentioned earlier in your testimony?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And he told you if somebody got hurt through your testimony, you in turn would be hurt?

Mr. SAUL. He said somebody had told him this.

Mr. KENNEDY. Did he ever relate to you who had given him that warning?

Mr. SAUL. Well, he mentioned a last name, and I don't know the first name. The last name was Jacobs.

Mr. KENNEDY. We have had testimony about two Jacobs, the Jacob brothers, Mr. Chairman.

Did you have any further conversation with Mr. Warner about the Gallos?

Mr. SAUL. Well, I had conversation with him recently.

Mr. KENNEDY. Would you relate that?

Mr. SAUL. Yes. On Thursday in the World-Telegram there was some story about a mystery witness going to Washington to appear at this hearing. From the story, he thought it was me. So he called me on the telephone and questioned me. Then he went on to say that he got himself mixed up in this deal and that he wanted to pull out, and he had offered his resignation at one time, but they wouldn't accept it.

Mr. KENNEDY. They wouldn't let him resign?

Mr. SAUL. That is right.

Mr. KENNEDY. Did he describe these people at all, or say anything about them?

Mr. SAUL. He just said that he had been instrumental in bringing them into the union, or something to that effect, and I didn't know what it was. I understood it to be the union, but I didn't go into detail with him. He said he had been instrumental in bringing them in, and he was sorry.

Mr. KENNEDY. Now, they wouldn't let him resign even as president of the association?

Mr. SAUL. That is right.

Mr. KENNEDY. Did he describe them as bad people, or say anything about that, or indicate that?

Mr. SAUL. Well, he said they were bad boys.

Mr. KENNEDY. Did you understand it was the Gallo union, or the Gallos, or did he mention the Gallos to you in the conversation?

Mr. SAUL. Well, he mentioned their name, yes.

Mr. KENNEDY. The Gallos?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. And it was their union, was it not?

Mr. SAUL. Yes, sir.

The CHAIRMAN. Is that local 19 that you are speaking of?

Mr. SAUL. He didn't mention any local number.

Mr. KENNEDY. It is Larry and Joseph Gallo who originally were behind local 19, according to the testimony that we have heard, and since then they have supported local 266 of the Teamsters.

Senator CAPEHART. As to these three gentlemen that beat you up in this restaurant; what was the name of the restaurant?

Mr. SAUL. The Wagon Wheels.

Senator CAPEHART. Was that out in the open where customers of the restaurant could see it?

Mr. SAUL. Yes, sir.

Senator CAPEHART. And the proprietor of the restaurant, was he there?

Mr. SAUL. His wife was there, and she was behind the counter.

Senator CAPEHART. Were there cooks there?

Mr. SAUL. There are no cooks; she did the cooking.

Senator CAPEHART. Was there anybody in the restaurant at the time?

Mr. SAUL. Actually, it wasn't a restaurant, it is a form of candy store and luncheonette kind of business, and the front part had a soda fountain.

Senator CAPEHART. What time of day was it?

Mr. SAUL. This was between 8:15 and 9:15 p.m.

Senator CAPEHART. In the evening?

Mr. SAUL. Yes, sir.

Senator CAPEHART. Did it create a lot of excitement around there?

Mr. SAUL. It didn't create any excitement at all; it was just as though there was nobody there. There were a lot of people there at the time.

Senator CAPEHART. In other words, the proprietor and his wife. And were there any customers in the place?

Mr. SAUL. Yes, sir.

Senator CAPEHART. And they just paid no attention to the fact that they were beating you?

Mr. SAUL. They paid no attention at all.

Senator CAPEHART. Were they able to see you being beaten?

Mr. SAUL. Yes, sir.

Senator CAPEHART. They paid no attention to it at all?

Mr. SAUL. That is right.

Senator CAPEHART. What was the purpose? What were these gentlemen trying to do? Were these members of the union or were they bona fide members or officers of this union?

Mr. SAUL. I didn't know, and I didn't know anything at all. I didn't know what they were trying to do until he later said that the location belonged to him.

Senator CAPEHART. You do not know whether they were bona fide members of the union or not.

Mr. SAUL. No, sir. The only connection of any union was when Kip asked me to sign with local 19, and otherwise I had no other thoughts about it.

Senator CAPEHART. Were you under the impression there was some union connection with this beating of you, or was it simply incidental or unrelated to union activity?

Mr. SAUL. Well, sir, I still don't know what the actual thinking was behind it, whether it was the fact that they wanted to become partners.

Senator CAPEHART. Are you still in the business?

Mr. Kennedy says you don't want to go into these things. Would you tell me why you don't want to go into them? I mean aren't we here to bring out the facts?

Mr. KENNEDY. You bring them out, Senator.

Senator CAPEHART. If there is good reason for not inquiring into these facts, I don't want to do it. However, I would appreciate very much an explanation from the chairman.

The CHAIRMAN. Sometimes in dealing with thugs, you give them some information, and otherwise these people, some of them are actually afraid of their lives. They are cooperating with us, and we don't want to go into it too far to the detriment of our cause.

Ordinarily I want to get everything and I can appreciate here that here is a fellow under protective care.

Senator CAPEHART. I was under the impression that what we wanted was the facts, and I think that we do.

Mr. KENNEDY. He will be glad to give them in executive session, or you can ask him any questions now, but for the reason that the chairman has explained we have a problem here before the committee. This man was badly beaten, and he has been dealing with underworld figures. To get people to come and testify at all is most difficult. There are some things that make it even more difficult for witnesses, and there is no testimony that he won't be willing to give you at any time, but there are some things that do not play a material role which we would rather not go into in open sessions.

The CHAIRMAN. There are some things. We can get all of it in executive session, but we don't want it here.

Senator CAPEHART. Has this gentleman appeared in executive session to date?

Mr. KENNEDY. He has talked a number of times to the members of the staff. I can give you that information, or he can appear if you want to get that.

Senator CAPEHART. You understand I am new on the committee.

The CHAIRMAN. I can appreciate it, and I want to ask the same questions.

Senator CAPEHART. I just thought I would bring out some facts here. Primarily what I was trying to develop was, was there a direct connection between this and an official union.

The CHAIRMAN. That is quite proper.

Senator CAPEHART. Or was it just a couple of fellows, or three fellows here that had no connection with the union, but were taking the position that they did?

Could you answer that?

Mr. SAUL. I couldn't honestly answer that.

The CHAIRMAN. We have other circumstantial evidence here, and other positive proof with reference to this local 19 and local 266 that has now taken over 19. It is now under this fellow Gallo, and he is undertaking to take over the whole industry and the whole operation in New York.

Is that not correct?

Mr. KENNEDY. Yes, local 266.

The CHAIRMAN. That is local 266, a Teamster Union, that is now taking over 19 and some of these others, and this man Gallo, who is the head of it, is undertaking to monopolize the whole industry in that area.

Senator CAPEHART. Then you think it is a union that is trying to monopolize the business in New York; is that your testimony?

The CHAIRMAN. Together in cooperation with these thugs and gangsters, that is the way it works. These musclemen and racketeers are using the union to force themselves into this business, just as he told him to go down there and sign up with 19. When he didn't, he was beaten up and threatened further.

Senator CAPEHART. Are you still in the business?

Mr. KENNEDY. That is the one we just went through.

Senator CAPEHART. What do you mean, "That is the one we just went through"?

Mr. KENNEDY. That is the question you put to him before.

Senator CAPEHART. Do you mean that I should not ask the question, whether this gentleman is still in the jukebox industry?

The CHAIRMAN. I think you have asked it, and go ahead. The point is that we try to keep out of the record some of these things that we know ourselves that are background information; it enables us to develop these cases.

Senator CAPEHART. I see. I am sorry.

The CHAIRMAN. I can appreciate you haven't been on the committee long enough to get the background. It only further endangers the life of a witness sometimes when we do these things.

Senator CAPEHART. I presume that the counsel will inform every member of the committee in advance, of course, of the witnesses and what you are trying to develop. They have not done that for me.

The CHAIRMAN. Insofar as we can, we do, but it is impossible to give a complete briefing on each witness.

All right, proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Senator ERVIN. You had this machine at a certain location?

Mr. SAUL. Yes, sir.

Senator ERVIN. And the demand was made that you join the union as a prerequisite to keeping it there. In other words, you were told that you had no right to keep it on that location, unless you joined the union or made a payment?

Mr. SAUL. They didn't exactly say that; no, sir.

Mr. KENNEDY. They told you to go down and join the union?

Mr. SAUL. Yes, sir.

Senator ERVIN. They told you to go down and join the union?

Mr. SAUL. Yes, sir.

Senator ERVIN. And you did not do that?

Mr. SAUL. No, sir; I didn't.

Senator ERVIN. And after that you were beaten up?

Mr. SAUL. Yes, sir.

Senator ERVIN. Did they tell you why you were being beaten?

Mr. SAUL. No. They didn't tell me that.

Senator ERVIN. How much money was it that they suggested that you ought to pay them?

Mr. SAUL. \$500.

Senator ERVIN. They told you that would be cheaper than getting new teeth?

Mr. SAUL. A set of new teeth.

Senator ERVIN. That is all.

Mr. KENNEDY. Mr. Chairman, he is under subpoena.

The CHAIRMAN. You will remain under this same subpoena, subject to being recalled. As I understand, you are still under the jurisdiction of the district attorney?

Mr. SAUL. Yes, sir.

The CHAIRMAN. You report to him, do you?

Mr. SAUL. Yes, sir.

The CHAIRMAN. You will continue under the jurisdiction of this committee also, under this subpoena, and be subject to being recalled if the committee may desire to hear further testimony from you.

If you have any threats or any efforts of violence toward you or members of your family, or anything on that order, I wish you would report it to this committee immediately.

Mr. SAUL. I will, sir.

The CHAIRMAN. We will undertake to deal with those who undertake to obstruct the work of this committee.

Thank you very much.

Mr. SAUL. Thank you.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Lawrence and Mr. Joseph Gallo.

The CHAIRMAN. Be sworn, please.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JOSEPH GALLO. I do.

Mr. LAWRENCE GALLO. I do.

TESTIMONY OF LAWRENCE GALLO AND JOSEPH GALLO

The CHAIRMAN. You, on my left, give your name, your address, and your place of business or your business or occupation, please, sir.

Mr. LAWRENCE GALLO. Lawrence Gallo, 2031 East 67th Street, Brooklyn, N.Y.

The CHAIRMAN. What is your business or profession, or occupation?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. And you on my right, what is your name, your place of residence, and your business or occupation?

Mr. JOSEPH GALLO. Joseph Gallo, 639 East 4th Street, Brooklyn.

The CHAIRMAN. What is your business or occupation?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do either of you have counsel representing you?

Mr. JOSEPH GALLO. No counsel.

Mr. LAWRENCE GALLO. No counsel.

The CHAIRMAN. You waive counsel?

Mr. LAWRENCE GALLO. Yes.

Mr. JOSEPH GALLO. Yes, sir.

The CHAIRMAN. You each waive counsel?

Mr. JOSEPH GALLO. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Joseph Gallo, could you tell us where you were born, just a little bit about your background, before we get into the union business?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Just a little bit about your background, where you went to school. Can you tell us that? Where did you go to school?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us where you went to school?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Joseph Gallo, how did you happen to go into the union business, in local 19?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you feel that the workingman was having a difficult time, that you could help and assist him?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. What was it in your background and record that made you want to go into the union business, to try to help and assist your fellow workingman?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. What about you, Mr. Gallo? What made you decide to go into the union business?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did the two of you go in together?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call a witness to give a little bit of their background?

The CHAIRMAN. Yes, you may.

Call your witness.

Senator CAPEHART. May I ask one question, Mr. Chairman?

The CHAIRMAN. Yes.

Senator CAPEHART. May I have your attention? Who typed this statement that you have been reading from? Whose language is that?

The CHAIRMAN. Let's have order. All right.

Senator CAPEHART. Mr. Joseph Gallo, who typed that statement and whose language is that?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe, you know, it might incriminate me.

The CHAIRMAN. All right; proceed, Mr. Kennedy.

Call the other witness.

Mr. KENNEDY. Cy Jordan.

The CHAIRMAN. Have you been sworn, Mr. Jordan?

Mr. JORDAN. No, sir; I haven't.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JORDAN. I do.

TESTIMONY OF CYRIL T. JORDAN

The CHAIRMAN. What is your name, your place of residence and your present position of employment?

Mr. JORDAN. My name is Cyril T. Jordan. I reside in Bayside, N. Y., and I am connected with the New York City Police Department, assigned to the criminal intelligence squad.

The CHAIRMAN. How long have you been a member of the police department of New York?

Mr. JORDAN. Ten years, sir.

The CHAIRMAN. How long have you been a member of the intelligence squad?

Mr. JORDAN. Three years, sir.

The CHAIRMAN. All right. You may proceed.

Mr. KENNEDY. You have been assigned to work with this committee, have you?

Mr. JORDAN. Yes, sir.

Mr. KENNEDY. For how long?

Mr. JORDAN. Since May of 1958.

Mr. KENNEDY. Do you have some information on the background, first, of Joey Gallo, who is also known as Joey the Blonde?

Mr. JORDAN. Yes, sir; I do.

Mr. KENNEDY. Would you tell us about his career?

The CHAIRMAN. Which one is Joey Gallo, or Joey the Blonde? Do you recognize him?

Mr. JORDAN. Yes, sir; I do.

The CHAIRMAN. Which one is it?

Mr. JORDAN. The gentleman on your right.

The CHAIRMAN. The one with the dark glasses on?

Mr. JORDAN. That is right, sir.

The CHAIRMAN. Proceed.

Mr. JORDAN. Joseph Gallo, alias Joey the Blonde, is known to the New York City Police Department under B No. 250889, FBI No. 120842-A. He is 28 years old, and has been arrested 17 times, as follows:

March 16, 1944, arrested for juvenile delinquency, age 14. He was placed on probation.

April 8, 1945, arrested for assault, fist; discharged.

March 1, 1947, arrested for 1897, weapons law, club and rocks; discharged.

January 14, 1949, arrested for abduction; grand jury returned no bill.

November 12, 1949, arrested for possession of and firing of a gun; discharged.

February 17, 1950, arrested for burglary and burglary tools; convicted, sentenced to New York Penitentiary; sentence suspended.

July 23, 1950, arrested for disorderly conduct, dice; convicted, suspended sentence.

June 24, 1954, arrested for kidnaping and attempted sodomy; dismissed.

September 19, 1954, arrested on a bench warrant for kidnaping; acquitted.

November 23, 1954, arrested for felonious assault; convicted. This was later reduced to a lesser crime and he was fined \$5 or 3 days.

April 20, 1955, arrested for bookmaking; dismissed.

November 14, 1956, arrested as a cutter in a dice game; dismissed on his own recognizance.

February 10, 1957, arrested for felonious assault; dismissed.

July 3, 1957, arrested for vagrancy; disposition not shown.

February 29, 1958, arrested for vagrancy; disposition not shown.

June 17, 1958, arrested for vagrancy; disposition not shown.

October 23, 1958, arrested for disorderly conduct; disposition not shown.

His former employment is a restaurant employee, a longshoreman, and an engraver.

Mr. KENNEDY. Would you tell us about Lawrence Gallo?

Mr. JORDAN. Lawrence Gallo is known to New York City Police Department under B No. 225659. He is 30 years of age and has been arrested 13 times, as follows:

July 21, 1943, arrested as a juvenile delinquent; dismissed.

July 15, 1944, arrested for grand larceny and criminally receiving stolen property; placed on indefinite probation.

August 12, 1951, arrested for disorderly conduct, crap game; received a suspended sentence.

October 19, 1951, arrested for policy; \$75 fine or 30 days.

March 31, 1952, arrested for criminally receiving stolen goods, 20 men's suits; sentenced to 1 year in New York City Penitentiary on October 28, 1952.

April 15, 1952, arrested for conspiracy and policy; disposition not known.

September 22, 1954, arrested for disorderly conduct, cards; dismissed.

September 19, 1954, arrested for kidnaping; acquitted.

October 23, 1954, arrested for felonious assault; convicted of a lesser offense; sentenced to \$5 or 3 days.

October 14, 1956, arrested as a common gambler; dismissed on his own recognizance.

March 28, 1958, arrested for vagrancy; dismissed.

On June 17, 1958, arrested for vagrancy; dismissed.

On October 27, 1958, arrested for disorderly conduct and vagrancy; disposition not shown.

His former employment is a restaurateur, longshoreman, tractor operator on the docks.

In addition to the above, both brothers were held as material witnesses on March 25, 1952, in connection with the Kings County grand jury investigation of crime and racketeering in Kings County, Brooklyn. On March 28, 1952, Joe and Larry Gallo were released on bail at \$10,000 and \$25,000 respectively. They were discharged September 5, 1952.

The arrests each show for vagrancy on June 17, 1958, resulted from the following—

Mr. KENNEDY. The story he is about to relate is rather an interesting one, Mr. Chairman, as to the operations of some of these people.

Mr. JORDAN. One Dominick Scialo and Angelo Pero, both of Brooklyn, were sought in connection with a double murder in March of 1958. The New York City Police Department, acting on information that an affair was to be held at the Club 13 in Brooklyn to raise money to enable Scialo and Pero to evade authorities, arrested 21 persons who were in attendance and questioned 27 others.

Among those arrested were Joseph and Larry Gallo. Also arrested was John Oddo, alias Joey Bathbeach, a notorious local hoodlum. Another one of those arrested and questioned was Sidney Slater, an officer of the now defunct United Machine Office Workers of New York, Inc.

Mr. KENNEDY. They got together, a group of them, to try to raise money for these two people who were wanted for this double murder?

Mr. JORDAN. Yes, sir.

Mr. KENNEDY. It was sort of a fund-raising affair; is that right?

Mr. JORDAN. That is our information.

Mr. KENNEDY. And these two gentlemen were there to try to contribute to help these other men who were being searched for this double murder, to help them evade the authorities?

Mr. JORDAN. Yes, sir; that is our information.

Mr. KENNEDY. What was the double murder? What was involved there?

Mr. JORDAN. Scialo is wanted for the murder of two men. Alexander Menditto, 17, was found shot on March 17, 1958, in front of 2121 Avenue Z, Brooklyn, and Bartholemew Garofalo, 24, was found dead on March 18, in a lot at East 70th Street near Avenue W, Brooklyn. Menditto died later in the hospital on March 25. Garofalo was shot six times and Menditto four, and then they were thrown from a moving car.

Mr. KENNEDY. And the authorities suspected these two, Scialo and Pero. You had a little affair for them, did you, Mr. Gallo, to keep the police from arresting them?

TESTIMONY OF LAWRENCE GALLO AND JOSEPH GALLO—Resumed

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. How much money were you able to raise that time?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Also we have found, have we not, that both of these men are associated with Carmine Lombardoizzi?

Mr. JORDAN. Yes, we have, sir.

Mr. KENNEDY. Would you relate that? For instance, you have general information that they are known and close to Carmine Lombardoizzi. Do you have one instance from the police files which show that they were together?

Mr. JORDAN. The Gallos—

Mr. KENNEDY. Lombardoizzi came to the Gallos' restaurant?

Mr. JORDAN. Yes, sir. At 5:10 p.m. on November 23, 1957, Lombardoizzi was observed in the Gallos' restaurant, along with one John Amalfitano.

Mr. KENNEDY. John Amalfitano is another so-called union official?

Mr. JORDAN. Yes, sir.

Mr. KENNEDY. The name of the restaurant is what?

Mr. JORDAN. Jackie's Restaurant.

Mr. KENNEDY. Mr. Chairman, Jackie's Restaurant is where the previous witness stated that he was taken initially on this ride, and that he met with Mr. Gallo, and at that time Mr. Gallo suggested that they become partners in the coin-operating machine business.

The CHAIRMAN. Which one was it? Which one of the witnesses was it?

Do you know Sidney Saul? You, Joseph?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Larry, how about you?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know anybody in this country that you could admit you know without self-incrimination? You, Mr. Larry?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a wife?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are your father and mother living?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you a racketeer and gangster?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How about you, brother Joseph?

Mr. LAWRENCE GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you married?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Have you a father and mother?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you a union member?

Mr. JOSEPH GALLO. I respectfully decline to answer because I believe my answer might tend to incriminate me.

The CHAIRMAN. Are you an association member, a business association member?

Mr. JOSEPH GALLO. I respectfully decline to answer because I believe my answer might tend to incriminate me.

The CHAIRMAN. What is your principal business or occupation?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you what is known as a thug or a hoodlum? Is that the classification or category you would come in?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you also known as a racketeer and gangster?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What labor organization or union are you now associated with?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, going back to the Lombardozzi meeting in November of 1957, it is of some significance, because this was the very time, November of 1957, that the Gallos started or originated local 19, and it would indicate that Mr. Lombardozzi, at least, was initially informed and brought in on the setting up and establishment of local 19.

Is that right, Mr. Gallo?

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Both of you, with some 40 arrests between you and some eight convictions, went into union work and established your own union, local 19, is that right?

Mr. JOSEPH GALLO. I respectfully decline to answer because my answer may tend to incriminate me.

Mr. KENNEDY. The fact is you were never interested in union work or you were never interested in the employees, were you, Mr. Gallo?

Mr. JOSEPH. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You had initially moved in on a man by the name of Clark, had you not, and taken over a part of his business?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And then you were operating these machines on a small scale and then along came local 1690. This was in the middle of 1957. Along came local 1690 and started placing picket lines in front of your various locations; is that right?

Mr. JOSEPH GALLO. I respectfully decline to answer because the answer may tend to incriminate me.

Mr. KENNEDY. You had no union at that time, so then the idea came to you that you would form local 19, and form your own union. Isn't that what you did—you formed your own union?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And then you started this period of harassment on the various jukebox owners in the New York area?

Mr. JOSEPH GALLO. I respectfully decline to answer.

Mr. KENNEDY. And at that time you had the backing of Carmine Lombardo, who had originally backed Al Cohen and his local union, but then he switched his backing to you. You also got some of the coin operators to join your union, the Jacob brothers, for instance. Isn't that right?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Then when the regular association would not join, the Jacob brothers and some of their followers walked out of the regular association and formed their own association, the United Coin Operators Association, isn't that right?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. After this association was formed, they made a contract with you; is that right?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And your gangster-run union, at that time?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Then it was decided in order to get even more strength, you would switch your efforts from local 19, and this was after our investigation began, that you decided you would switch your efforts from local 19, which was an independent union, to a union which was well established, and that was the Teamsters Union, local 266?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. So through the efforts of the underworld in New York City, the jurisdiction of the regular Teamster Union which would ordinarily have been in this field, local 202, was taken away by Mr. John O'Rourke in early 1958. The jurisdiction was taken away from them and switched to his gangster-run union of local 266 of the Teamsters Union; is that right?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. And this was the union that you, Lombardozzi, DeGrandis and the rest of the gangsters in New York were backing at that time?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. Mr. DeGrandis in the meantime had had his difficulties because he had been kicked out of the Retail Clerks Union, where he had operated in the coin-machine business.

The Retail Clerks had come into his office to pick up his records and found only two things: a billy and a gun. Then he got out of there and was given a charter in the Teamsters Union. He formed that local in January 1958. Is that right?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. That was local 266 of the Teamsters; is that right?

MR. JOSEPH GALLO. I respectfully decline—decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. Then what you did was you proceeded to work with the association. We have already had you identified as attending and being present at meetings of the association. You went around and started putting pressure on the various tavern owners that they should belong to this association, which would then automatically make them members of local 266 of the Teamsters; isn't that right?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. Isn't it a fact that you have operated in that fashion in order to attempt to obtain control of all of the coin-machine businesses the New York City area, and isn't that what your plan is?

MR. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

MR. KENNEDY. Isn't it a fact that, as an indication of the fact that you were switched from local 19 to 266, the records of the company that you have an interest in with your partner, Mr. Norman Clark, show that he began paying dues in local 266 in April of 1958?

Is that right, that your own company started paying dues in local 266?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. One of your chief associates has been the Jacob brothers, who are major operators in New York City. Isn't it a fact that you have gone down into West Virginia, into Pennsylvania, and into Ohio to help and assist them in their coin-machine route in those three States?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

MR. KENNEDY. Isn't it a fact that you are going to attempt, through these underworld connections, to gain control over all of these operations in this area?

MR. JOSEPH GALLO. I respectfully decline to answer on the ground it might tend to incriminate me.

MR. KENNEDY. And if it was necessary, you would have somebody like Mr. Saul knocked on top of the head, or somebody like Mr. Green; is that right?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. But you wouldn't do it yourself, would you, Mr. Gallo? You would have somebody go and do it for you, would you?

Mr. JOSEPH GALLO. I respectfully decline to answer, Mr. Kennedy, on the ground it may tend to incriminate me.

Mr. KENNEDY. Do you find it is much easier to have a big man go and do it rather than a little fellow like you?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you a physical coward?

Mr. JOSEPH GALLO. I respectfully decline to answer, Mr. Senator, on the ground it might tend to incriminate me.

The CHAIRMAN. That might incriminate you to answer? Do you think it would? Do you think it would—

Mr. JOSEPH GALLO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. Have you anything else to tell us, Mr. Gallo?

Mr. JOSEPH GALLO. I respectfully decline to answer on the ground it may tend to incriminate me, Mr. Kennedy.

The CHAIRMAN. Senators, have you any questions of these talkative witnesses?

Senator ERVIN. Can you tell us of any honest day's work you ever did in your life?

Mr. JOSEPH GALLO. I respectfully decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. You may stand aside.

Call the next witness.

Both of you will remain under your present subpoena, subject to being recalled any time the committee may desire further testimony from you. You will be given reasonable notice of the time and place where the committee wishes to interrogate you.

Do you accept that recognition?

Mr. JOSEPH GALLO. I refuse to answer on the ground it may tend—

The CHAIRMAN. You better not refuse to answer that or you will stay here longer than you want to. All I am asking you is will you agree to come back here without a further subpoena?

Mr. JOSEPH GALLO. Sure; yes.

The CHAIRMAN. Say yes, then.

Mr. JOSEPH GALLO. Yes.

The CHAIRMAN. How about you?

Mr. LAWRENCE GALLO. Yes.

The CHAIRMAN. All right. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. John Caruso.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so you help you God?

Mr. CARUSO. I do.

TESTIMONY OF JOHN R. CARUSO

The CHAIRMAN. What is your name, your place of residence, and your business or occupation?

Mr. CARUSO. John Richard Caruso, 3403 12th Avenue, Brooklyn, N.Y.

The CHAIRMAN. I didn't understand what you said you did.

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you mean you can't tell what occupation you have or what business you are in without the possibility of self-incrimination? Is that what you are saying?

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You don't think you need a lawyer; do you?

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, do you have a lawyer? Can you answer that?

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are entitled, you know that, don't you, to an attorney; to have an attorney present to advise you of your rights while you testify? You are apprised of that, aren't you?

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, I now advise you that you are entitled to have a lawyer present if you want one. I so inform you, as chairman of the committee.

Do you want a lawyer present to represent you while you testify?

Mr. CARUSO. No.

The CHAIRMAN. Well, thank you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, from the information that we have, Mr. Caruso is presently employed as a business agent for the Cafeteria Employees Union, local 26, of the Federated Service Workers Union.

The reason that he is of interest to us is that he was formerly a vice president of the Game and Jukebox Union, local 19, of the FSWU.

You were one of the originators of the local 19 with the Gallo brothers?

Mr. CARUSO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have a member of the staff here who interviewed Mr. Caruso initially, and Mr. Caruso answered the questions.

Could we put the information that he gave to us at that time into the record?

The CHAIRMAN. You may. Call the staff member.

Go over there and sit right by the witness, if you want to, so he can hear you well, and we will ask him if it is true. I am sure he would want to deny it, if it is not true.

You have been previously sworn?

Mr. CONSTANDY. Yes, Senator, I have.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

The CHAIRMAN. Proceed.

Mr. KENNEDY. Would you give us briefly the background of this witness, what he related to us as to how local 19 was formed, and how—

The CHAIRMAN. John R. Caruso. That is who you are talking about. Do you know the witness on your left?

Mr. CONSTANDY. Yes, I do.

The CHAIRMAN. Have you had interviews with him?

Mr. CONSTANDY. I interviewed John Caruso on June 4, 1958, at his home at 3403 12th Avenue, Brooklyn.

The CHAIRMAN. You interviewed him in your capacity as a member of the staff of this committee?

Mr. CONSTANDY. That is correct. I might say that I was accompanied by Detective Cy Jordan of the New York Police Department, at that time.

The CHAIRMAN. Was he apprised of your position and authority at that time?

Mr. CONSTANDY. He was.

The CHAIRMAN. You may proceed.

Mr. CONSTANDY. Mr. Caruso stated that about September or October 1957, he was approached by Anthony Camerona, who he had known for a few years.

Mr. Caruso said he had been unemployed for several months at that time in 1957, and that his previous job was that of a truck driver. Mr. Camerona told him that he knew some jukebox servicemen who were dissatisfied with local 1690 of the Retail Clerks, which was then—

Mr. KENNEDY. That is C-a-m-e-r-o-n-a?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. He doesn't come into this much further, but that is the identification on how you spell his name?

Mr. CONSTANDY. Yes; Mr. Camerona was thinking of starting a new union to help the employees in the jukebox field, and had asked Mr. Caruso to come into the local and help organize.

Mr. Caruso told me that he knew nothing about union organizing or the music industry, but he consented anyhow because he wasn't working. He stated that he could help the employees, and besides, to quote him, "I would have a steady weekly income for myself."

He stated that the first meeting was attended by the seven charter applicants held at Camerona's house, and that it was an informal meeting, not one where someone stood up in front, but a gathering.

The CHAIRMAN. That is the applicants for what charter?

Mr. CONSTANDY. The charter for local 19 of the Federated Service Workers Union.

The CHAIRMAN. That is when they were getting ready to organize local 19 and get a charter?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. Proceed.

Mr. CONSTANDY. He believes that the charter application was in his name, but he denied having signed it. He stated that he gave permission for his signature to appear on it.

Mr. KENNEDY. He was elected vice president at the first meeting?

Mr. CONSTANDY. Yes; he was elected vice president at the first meeting.

Mr. KENNEDY. And he had never heard of the Federated Service Workers Union?

Mr. CONSTANDY. No; he had not.

Mr. KENNEDY. His local was a part of that international?

Mr. CONSTANDY. That is what he stated to me at that time, that when he originally entered into the affair he had not then heard of the Federated Service Workers.

Mr. KENNEDY. At a second meeting a man by the name of Latriano was elected to an office?

Mr. CONSTANDY. That is Latriano, and he was elected to one office, but Mr. Caruso didn't know what office.

Mr. KENNEDY. He will enter into this hearing quite extensively this afternoon.

Mr. CONSTANDY. While Mr. Caruso was unemployed and drew no salary, he had advanced \$300 to local 19 to help get it started.

The CHAIRMAN. That is this witness had advanced \$300 to the union to help get it started?

Mr. CONSTANDY. Yes, sir.

The CHAIRMAN. That was his statement to you?

Mr. CONSTANDY. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. CONSTANDY. He said that local 19 had hired between 40 and 50 pickets, never more than 10 at a time, and they were obtained from employment offices on Warren Street, and were paid the rate of \$1 an hour, and that the total amount spent for such picketing ran between \$1,500 and \$1,700, which would indicate 1,500 to 1,700 picket hours. He had instructed the pickets to be nice and give up membership application blanks if they were asked for them, and if the storeowner complained, he was to tell the storekeeper, "I am just a picket," and at that point the picket just gives the business card of Mr. John Amalfitano to the storeowner and he should call Mr. Amalfitano.

Mr. KENNEDY. Mr. Amalfitano was the one running the union at that time?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. And as a matter of fact, Mr. Amalfitano was running the international union?

Mr. CONSTANDY. As we had testimony from Mr. Javors, yes.

Mr. KENNEDY. What did he tell the location owner about pulling the plug?

Mr. CONSTANDY. Pulling the plug would not suffice, but to indicate that they were discontinuing the use of the machine not bearing the local 19 sticker, and it would be necessary for them to remove the machine from the premises.

I asked Mr. Caruso if he would define "organizational picketing," and his answer was that it was picketing to organize. And I asked him to define "collective bargaining agreement," and he stated he did not know. He related, too, that he would carry the pickets in his car and assign them to locations to be picketed, and the only requirement being that the place have a jukebox in the location.

He said it didn't matter if the jukebox was nonunion or was serviced by a member of any other union, and likewise it didn't matter if it was owned by the bar owner himself, or was owned by a self-employed operator.

The CHAIRMAN. That was the purpose of the picketing, to force them into union 19?

Mr. CONSTANDY. The picket sign stated that the machine on the premises was not being serviced by a member of local 19, Federated Service Workers.

The CHAIRMAN. That is what I mean. No matter whether they were in another union or not?

Mr. CONSTANDY. That did not matter, as long as it was not local 19.

The CHAIRMAN. They would go and picket, this local 19 would picket, and Caruso was in charge of that picketing, and he was supervising that?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. And it picketed the place, anyhow, and the purpose being to force the owner or the operator, or force the business, those interested in it, to join union 19?

Mr. CONSTANDY. Yes, sir. Yes; the initial effect would be on the storekeeper or tavern owner, who was being asked to discontinue the use of the machine that was not bearing a local 19 sticker.

Mr. KENNEDY. Did he say he just wandered down the street and would pick out a tavern?

Mr. CONSTANDY. As he explained it to me, yes; the matter was purely in his own discretion, and he would walk down the street and wherever he saw a jukebox that was not bearing a label of local 19 he felt that he could place a picket. The pickets were assigned in that manner.

Mr. KENNEDY. Did he know any of the benefits of local 19?

Mr. CONSTANDY. No; he did not.

Mr. KENNEDY. Did he know what the complaints were against local 1690?

Mr. CONSTANDY. No; he didn't know that either. He went on to say that he had never received a notice of a meeting and had never seen a membership card; that he himself had never paid dues or an initiation fee and had no knowledge of anyone else paying dues. That all, of course, related to local 19.

Mr. KENNEDY. Did he say if he knew of anyone ever joining local 19 as a result of the picketing?

Mr. CONSTANDY. He didn't know of anyone who had joined as a result of the picketing, and, as a matter of fact, he didn't know if local 19 had any members other than the original seven, two of whom had resigned, and he didn't know if the union ever did exist, as it was enjoined shortly after it was begun. In regard to the office of local 19, he stated that local 19 never had an office, and it was in Amalfitano's hat.

The CHAIRMAN. In whose hat?

Mr. CONSTANDY. Amalfitano's; the union was in his hat.

He further stated that local 19 was not having members under contract. Mr. Caruso's present union, local 26, has no office, and it claims a membership of 200; and if he wants to contact the union, he calls the answering service and leaves a message for Mr. Amalfitano. He

denied at that time knowing anyone in the jukebox business or even knowing any employees, and he stated he had never met an employee in the jukebox business.

He further stated that he went into local 19 knowing nothing and he came out knowing nothing.

Senator ERVIN. As I understand it, the pickets didn't belong to local 19.

Mr. CONSTANDY. The pickets were hired, and they were unemployed people.

Senator ERVIN. It was an employment agency for pickets.

Mr. CONSTANDY. There are employment agencies that handle jobs that require little or no skill, and it would be from these agencies that they would secure the pickets.

Senator ERVIN. You would go to one of these agencies, and hire a man to come out and do some picketing, that had no connection with the alleged union.

Mr. CONSTANDY. That is correct.

Senator ERVIN. And he just gets so much, and he works for so much an hour, to picket?

Mr. CONSTANDY. \$1 an hour, yes.

Senator ERVIN. Now, where did Mr. Caruso come in financially, did you find out about that?

Mr. CONSTANDY. No, sir, we have no record that Mr. Caruso ever drew any salary, or any other revenue from local 19, and he had explained to me that the source of the \$300 which he loaned to the local 19 treasury, he had in turn realized from an insurance settlement for an accident that he had some time prior to that.

Senator ERVIN. Now, where the owner of the location had one of these machines without a label, he would remove that machine and put another one in there?

Mr. CONSTANDY. The requirement was that the machine in the premise bear a local 19 label, and if it did not bear that label they would insist that the owner of the location remove the machine. It either required that the operator who owned the machine join local 19 and thereby affix a local 19 sticker to the machine, or that the location owner cause it to be removed.

Senator ERVIN. Did you get information as to what the dues were or the initiation fees to join local 19?

Mr. CONSTANDY. No. Unfortunately, local 19 had, prior to our visit, been permanently enjoined by the supreme court action in New York County, and Mr. Amalfitano, in conversations I had with him, explained that as a result of this permanent injunction, he felt that the union no longer existed and there would be no further need for the records, and so all of the books and records of local 19 were destroyed.

Senator ERVIN. That is all.

Mr. KENNEDY. Do you have any information as to what the initiation fees or the label dues were?

Mr. CONSTANDY. Not at the present time, no. We do have a contract that we intend to put in evidence later.

Senator ERVIN. So far as you could find, there were never more than seven members of the union.

Mr. CONSTANDY. Well, Mr. Amalfitano will testify later, and he had something further along those lines to say. We have never been able

to find any members of the union other than the original seven, all of whom loaned their names for the purpose of securing the charter from Federated Service Workers.

Senator ERVIN. You never have been able to find out what the initiation fees or dues were for placing the union's label on a machine?

Mr. CONSTANDY. Senator, I will check that, and at the time Mr. Amalfitano testifies we will see if we can do that.

Mr. KENNEDY. We, of course, know they had an arrangement with at least one employer, which was the Jacob brothers, and they had at least had some arrangement, and the Jacob brothers were behind the union.

Mr. CONSTANDY. Mr. Amalfitano stated that they had entered into several collective bargaining agreements, and the two which he could recall was one with the Nu-Way Vending Co., owned by the Jacob brothers, and the other Norman J. Clark, which is the partnership of Norman J. Clark and the Gallo brothers.

Mr. KENNEDY. We have also had the testimony already that the Jacob brothers were behind this local 19, and we had that testimony.

Mr. CONSTANDY. They aided and assisted Mr. Amalfitano in the organization of this.

TESTIMONY OF JOHN R. CARUSO—Resumed

The CHAIRMAN. Mr. Caruso, are any of these statements untrue?

Mr. CARUSO. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. In other words, if you answered honestly, you think that you would be incriminating yourself?

Mr. CARUSO. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Do you know these Gallos boys that just testified?

Mr. CARUSO. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Did you see them on the witness stand?

Mr. CARUSO. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Stand aside.

The committee will stand in recess until 2 : 15.

(Whereupon, at 12 : 25 p.m., the select committee recessed to reconvene at 2 : 15 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. John Amalfitano.

The CHAIRMAN. You solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. AMALFITANO. I do.

TESTIMONY OF JOHN JOSEPH AMALFITANO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. AMALFITANO. John Joseph Amalfitano, 311 President Street, Brooklyn, N.Y.

The CHAIRMAN. What did you say your business or occupation was, please?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a lawyer representing you?

Mr. AMALFITANO. No, sir.

The CHAIRMAN. Do you waive counsel?

Mr. AMALFITANO. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Amalfitano, as we understand, at the present time you are a business agent for Laundry Workers Union Local 12 of the FSWU?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And that you are also secretary-treasurer of the Restaurant and Cafeteria Employees Local 26, FSWU, and you were president of the now-defunct Cigarette and Coin Vending Machine Employees Local 19, FSWU, and you were a member of the board of trustees of the FSWU; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, as far as your background, you were employed as a longshoreman on the Brooklyn docks, a member of Tony Anastasia's local, and you drove trucks and cranes; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And then, in the early 1950's, you helped form the international union called the FSWU; that is, the Federated Service Workers Union; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us if you had done any work in the labor field prior to that time?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the testimony of a previous witness, Javors, who testified last week, he stated that all charters were issued upon the request and recommendation of you, and that no request by you for the issuance of a charter was ever refused, and that as a practical matter you were the international union; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you were the one that set up this local 19 about which we have had considerable amount of information; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, local 26 of the Restaurant and Cafeteria Workers was set up upon the request of Al Gallo, who is another brother

of the two Gallo brothers who appeared here, and he was the one that was primarily responsible, together with Gallo's uncle, by the name of Joseph Iovine; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Iovine became president of the union, and you became secretary-treasurer; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. As part of your organizing activities, you were trying to organize the Fra-Mar Restaurant at 2302 Avenue U, Brooklyn, and at 4:30 a.m., on June 20, 1957, at the time when this organization drive was going on, all of the windows in the restaurant were smashed, for a total damage of \$1,200; is that right?

Subsequently, immediately following that, the owner of the restaurant signed up with your union and there was no further damage?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You participated, did you not, in the picketing of that store?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, interestingly enough, when Joe Profaci was picked up at the meeting at Apalachin, he had on his possession—after the meeting at Apalachin, and not at the time, but subsequently when he was picked up and questioned—he had on his possession a card of local 26 of the Restaurant and Cafeteria Workers, FSWU.

Could you tell us anything about that? Do you know Joe Profaci?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He is one of the most notorious importers of narcotics in the United States; is he not?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And then talking about another local of FSWU, local 19, the jukebox local, when that local was set up it was instructed that all correspondence should go to Biagio Latriano; is that not correct? Here is a letter on that, and here is a picture, I believe, of Biagio.

The CHAIRMAN. I hand you here for your inspection a letter dated October 16, 1957, addressed to Federated Service Workers Union, and it has already been made exhibit 28 to the testimony in this hearing. It bears your signature or your name, of the first signer of this letter, and I will ask you to examine it and state if you identify the letter and your signature thereon.

(A document was handed to the witness.)

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show that the witness did examine the document, exhibit 28, presented to him by the Chair.

Proceed.

Mr. KENNEDY. Mr. Chairman, I would like to call your attention to the last paragraph of this letter, which says:

Kindly refer all correspondence to Biagio Latriano.

Now here is a picture of Biagio Latriano.

The CHAIRMAN. I present to you a photograph that shows the full face of one man in the center and about four-fifths of a man on his right, and about three-fifths or two-fifths of the face of another man on his left. I will ask you to examine that photograph and state whose picture it is in the center.

(Photograph handed to the witness.)

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are they some of your pals?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What business are they in?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Where was the picture made?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were you present on that occasion?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the picture be made exhibit No. 31.

(Photograph referred to was marked "Exhibit 31" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Here is a picture of Mr. Latriano approximately 8 months later, with 11 bullets in his head.

The CHAIRMAN. I doubt if you will recognize this. I present to you another picture, and ask you to examine it and state if you identify it. (Photograph handed to the witness.)

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show that the witness examined the photograph and let it be made exhibit No. 31A.

(Photograph referred to marked "Exhibit No. 31A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Latriano was murdered around 4:20 a.m. on August 29, 1958, by being shot 11 times in the head, Mr. Chairman.

The CHAIRMAN. Do you know the fellow who got killed?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything in the world you know you could tell without self-incrimination?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a wife and children?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a wife without children?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a father and mother?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

I just wonder—he has been identified with some of these unions.

Mr. KENNEDY. He is the one who set them up, these various locals that were established upon his request and he was the important official in the international union who granted these charters. One of the charters which was granted to these various locals I have mentioned, including No. 12, 19, and local 266 which we have been discussing over this period of time.

The CHAIRMAN. From the information we have, you were just a plain sorry gangster, a parasite upon humanity.

Do you want to make any comment on that? That is the information we have about you.

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now as we have developed, local 19 was backed by the underworld attempting to move into the coin operating machine business, and the charter was granted at the request of Mr. Amalfitano, and the correspondence was to be sent to this Biagio Latriano, and Latriano was murdered some 8 or 9 months later, and this local operated under the direction of the Gallo brothers with Mr. Amalfitano being one of the officials.

The CHAIRMAN. We have already placed that information in the record, have we not, under sworn testimony?

Mr. KENNEDY. That is correct.

The CHAIRMAN. The remarks of the Chair here are based upon testimony produced here under oath.

You understand that, do you?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I will answer for you, that you do understand, period.

Proceed.

Mr. KENNEDY. Do you want to place the charter in the record of local 19, Mr. Chairman?

The CHAIRMAN. Who knows about this?

You are a member of the staff.

Mr. CONSTANDY. That is right.

The CHAIRMAN. I present to you here a document which purports to be a charter from the Federated Service Workers Union of America, Local 19, and I ask you to examine it and state where you obtained this document, if you obtained it.

Mr. CONSTANDY. I did obtain the document from the office of Mr. Amalfitano, on, I believe, June 5, 1958.

The CHAIRMAN. The office of the witness who is now testifying?

Mr. CONSTANDY. That is correct. At that time the office was the office of local 12 of the FSWU, the Laundry Workers. He turned it over to us at that time.

Mr. KENNEDY. Is that the only records that he said had been kept?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. This charter is dated the 22d day of October 1957 and it may be made exhibit No. 32.

(Document referred to was marked "Exhibit No. 32" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I present to the witness exhibit 32 and ask him to examine it and state if that is the charter that was issued to local 19.

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is that your name right at the head of the list?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How many names does the document show, and how many were organizers to whom the charter was issued?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let me see the document.

(Document handed to the chairman.)

The CHAIRMAN. Is your name "John J."?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Read this witness his answer to me to the first question asked him. I asked him to state his name, and what did he state?

(The first answer of the witness was then read by the reporter.)

The CHAIRMAN. Does the second initial "J" stand for Joseph? Is your name John Joseph?

Mr. AMALFITANO. Yes, sir.

The CHAIRMAN. How do you spell your last name?

Mr. AMALFITANO. A-in-a-l-f-i-t-a-n-o.

The CHAIRMAN. That is exactly what is on this document here, Cigarette and Coin Vending Machine Employees Union, Local 19, charter members, and your name is John J. Amalfitano, appearing first on the list.

Do you deny that that charter was issued to you?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If it were issued to you, do you think that that might tend to incriminate you?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If it was not issued to you, do you think the fact it was not issued to you would tend to incriminate you?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Briefly, Mr. Chairman, as we have developed, local 19 was backed by the Gallo brothers and on the association side by the Jacobs.

Isn't that correct, Mr. Amalfitano?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator Goldwater entered the hearing room.)

The CHAIRMAN. Gallo brothers are the two who testified before lunch?

Mr. KENNEDY. Yes. They were the ones who formed the rival association and ultimately joined up and backed local 266 of the Teamsters.

Isn't that right, Mr. Amalfitano?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And local 19 was put out of business ultimately by the injunction that came about from local 1690 and Al Denver, who was head of the Music Operators of New York; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then you all started to support—you and your fellow associates started to support local 266 of the Teamsters; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the information that we have, you are an associate of Charles Morrell, Local Music; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Morrell has in his business Gregory "Buster" Ardito, a known narcotics hoodlum, and also pays a weekly check, does he not, to Mike Miranda, who is a gangster, who has testified before this committee in connection with the meeting at Apalachin? Is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And isn't it correct that they have an agreement with your union? Is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Also, your address book indicates that you are a friend of Frank Bonfiglio, who is known as Frankie Mario, a Brooklyn hoodlum. Is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And he owns a linen supply company, and has a contract with your local, No. 12, is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And Mario was present at the dinner party given by Costello on the night that Costello was shot; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And Mario has a business partnership with Joseph Magliocco, who is a gangster and a brother-in-law of Joe Profaci, is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have also been seen in the company of Mr. Carmine Lombardozzi, and you were seen in his company just prior to local 19 being formed; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions, Senators?

Is this Biagio Latriano—you can answer for me, but is that the same fellow that is in this picture, the fellow you said got killed shortly afterward?

Mr. KENNEDY. Yes, he is, Mr. Chairman.

The CHAIRMAN. I want to ask you: Do you know this fellow that was in this charter with you?

Mr. AMALFITANO. I respectfully decline to answer because my answer might incriminate me.

The CHAIRMAN. One of your partners got killed shortly afterward; is that right?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. In other words, to say if you knew a certain dead man, it might tend to incriminate you?

Mr. AMALFITANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I would like to say, Mr. Chairman, despite the fact that this witness has taken the fifth amendment, he is not in the same category, according to our investigation, certainly, as the Gallo brothers who testified this morning. The Gallo brothers are in a far lower category and far worse than this man that appears before the committee.

The CHAIRMAN. You may have some information upon which to draw a distinction, but I do not.

Stand aside.

Mr. KENNEDY. Herbert and Eugene Jacob.

The CHAIRMAN. Come forward, please. Be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EUGENE JACOB. I do.

Mr. HERBERT JACOB. I do.

TESTIMONY OF EUGENE JACOB AND HERBERT JACOB, ACCOMPANIED BY COUNSEL, DAVID F. PRICE

The CHAIRMAN. The witness on my left, please state your name, your place of residence, and your business or occupation?

Mr. HERBERT JACOB. My name is Herbert Jacob. The address is 1234 East 26th Street, Brooklyn.

The CHAIRMAN. Have you any business at all, or occupation?

Mr. HERBERT JACOB. I respectfully decline to answer because it might tend to incriminate me.

The CHAIRMAN. Mr. Witness on my right, will you state your name, your place of residence, and your business or occupation?

Mr. EUGENE JACOB. Eugene Jacob, 12 High Lane, Levittown, N.Y.

The CHAIRMAN. Have you any business or occupation that you can speak of?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that it might incriminate me.

The CHAIRMAN. I wonder if either of you will admit that you are kin to the other. Are you related to the witness on your right? Mr. Eugene Jacob?

Mr. EUGENE JACOB. Yes.

The CHAIRMAN. Mr. Herbert Jacob, are you related to the witness on your left?

Mr. HERBERT JACOB. Yes.

The CHAIRMAN. What is the relationship?

Mr. HERBERT JACOB. Brothers.

The CHAIRMAN. You are brothers. Do both of you or either of you have an attorney to represent you?

Mr. HERBERT JACOB. Yes.

The CHAIRMAN. Mr. Counsel, identify yourself for the record, please.

Mr. PRICE. David F. Price, 66 Court Street, Brooklyn 1, N. Y.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, the information we have is that they are partners in what is known as the Nu-Way Vending Co. of Brooklyn, which is a route of 25 jukeboxes and 20 games.

We also have information that they operate a route of 60 to 70 locations in Chester, W. Va., East Liverpool, Ohio, and Midland, Pa. The Pennsylvania route is called the American Vending Co. of Pennsylvania, and is owned by the Jacob brothers and Maxwell Gulden, about whom we have already had testimony.

He was the former treasurer of the now defunct game association called United Coin Machine Operators of New York. The rest of the route is owned by the brothers and is called the American Vending Co.

They also operate a service company in New York City which provides mechanics on a contractual relationship to repair the machines for some six operating companies.

Is that right, Mr. Jacob, Herbert and Eugene?

Mr. HERBERT JACOB. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. What about you?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might tend to incriminate me.

Mr. KENNEDY. We understand that you have two employees in New York City. One is a brother-in-law who has a part interest in the company and who receives over \$100 a week, and the other, an employee earning between \$55 and \$60 a week.

The investigator reported that when he asked you whether either employee was a member of the union, that you did not know. Is that right?

Mr. HERBERT JACOB. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might incriminate me.

Mr. KENNEDY. Local 266 of the Teamsters does not include the name of either. Further information is that in the West Virginia company neither employee belongs to any union.

Is that right?

Mr. HERBERT JACOB. I respectfully decline to answer because I feel my answer might tend to incriminate me.

Mr. KENNEDY. Lately, Mr. Chairman, starting in 1950, one of them belonged to the union and the other belonged to the association. They felt that that was sufficient to cover the situation.

Is that right?

Mr. HERBERT JACOB. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. You tell me, too.

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might tend to incriminate me.

Mr. KENNEDY. I just want to go into one instance of your operation, and that is in connection with a Levittown restaurant. Could you tell us about your efforts to take over the location of the Levittown restaurant? Would you tell us about it?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might tend to incriminate me.

Mr. KENNEDY. The name of the restaurant is the Caruso Restaurant, located in Levittown.

Mr. Chairman, we have some affidavits in connection with that.

The CHAIRMAN. I have before me an affidavit from Salvatore Caruso, dated the 19th day of November 1958. This affidavit may be printed in the record at this point.

Mr. Counsel, you may read excerpts from it and interrogate the witness about it if you desire.

I have before me another affidavit from Mr. Hal Zimmerman. It is dated the 19th day of November 1958. It will be printed in the record at this point. You may quote excerpts from it.

(The affidavits referred to are as follows:)

AFFIDAVIT

I, Salvatore Caruso, make the following voluntary statement to James P. Kelly, who has identified himself to me as a staff investigator for the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field, and I agree that the contents may be used by the Senate Select Committee on Improper Activities in the Labor or Management Field as required.

I am sole owner of Caruso's Restaurant, located at 2716 Hempstead Turnpike, Levittown, N.Y. In 1956 I was approached by a Eugene Jacobs of Nu-Way Phono, who sought to put his jukebox in my restaurant. On July 13, 1956, I entered into a 1-year contract with Nu-Way Phono. The terms of this contract called for me to receive \$400 in "advance commission" for a full year with Nu-Way Phono, receiving all the proceeds from the jukebox. This contract automatically renewed itself unless either party notified the other in writing. I also entered into a contract with a Mr. Kohn from County Enterprises for a cigarette vending machine. On this arrangement I was to receive 1½ cents commission on each pack of cigarettes sold. These arrangements continued until August 1958 when I notified both firms, by registered mail, that I wished to discontinue service with them because I intended purchasing my own jukebox and cigarette machine. On September 8, 1958, I purchased Wurlitzer jukebox and a new Smokeshop cigarette machine from a Hal Zimmerman of Economy Vending Service, Inc.

These new machines were installed and the other jukebox and cigarette vending machine I had placed in the rear of the restaurant pending their removal.

On September 12, 1958, my manager, Mr. Edward Coleman, was visited by a Mr. Cohen of Nu-Way Phono and another man who represented himself as being from the jukebox association. Mr. Coleman informed me that the second man asked who owned the jukebox. He was shown a copy of the bill of sale by Mr. Coleman and then told him that Mr. Caruso could get hurt as he would be picketed for putting a union man out of work. They then left the premises and Mr. Cohen returned on the following day with the same man whom I now

believe was Bert Jacobs, brother of Eugene. They offered to buy the new jukebox at its purchase price and continue under the old contract. When I refused to go along with this they told me I would be reported to "the association" and would be picketed.

On September 24, 1958, a picket from Local 266, IBT appeared in front of my restaurant. At no time did the union get in touch with me regarding the reason for the pickets. On or about the 2d of October 1958, my attorney, Mr. John Sullivan of 228-11 Linden Boulevard, Cambria Heights, N.Y., tried to obtain information from Local 266, IBT. He was informed by a person who would not give his name that "Mr. Caruso gave the union a hard time." My attorney was unable to find out what specific grievance the union had that caused them to picket my restaurant. He left word to have the president of local 266, a Mr. Joseph DeGrandis, call him but received no response.

On October 16, 1958, my attorney had a show cause order signed by Supreme Court Judge D. Orman Richie of Nassau County which was served on local 266. On or about the 22d of October, my attorney heard from a Mr. J. Joyce Klinger of 56 Bay Street, Staten Island, N.Y., who stated that he represented Local 266, IBT.

He told my attorney that if I stipulated that I would call a union serviceman when my jukebox needed repairs the union would cease picketing my restaurant. This stipulation agreement was executed on October 27, 1958, and at or about the time the picketing ended. Since then I have had no further trouble from this union.

I have read the foregoing statement, and to the best of my knowledge and belief the facts contained herein are true.

SALVATORE CARUSO.

CYRIL T. JORDAN, *Witness*.

Sworn to before me this 19th day of November 1958.

DOMINICK NOCE,

*Notary Public, State of New York, No. 30-2897750,
Qualified in Nassau County.*

Term expires March 30, 1959.

AFFIDAVIT

I, Hal Zimmerman, make the following voluntary statement to James P. Kelly, who has identified himself to me as a staff investigator for the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field, and I agree that the contents may be used by the Senate Select Committee on Improper Activities in the Labor or Management Field as required:

I am the president of Economy Vending Service, Inc., located at 2947 Long Beach Road, Oceanside, Long Island. This company is engaged in selling jukeboxes and cigarette machines on a direct sale basis to store owners. I have been in business for the past 3 years. Sometime in early September 1958 I sold a jukebox and a cigarette machine to Salvatore Caruso, of Caruso's Restaurant of 2716 Hempstead Turnpike, Levittown, N.Y.

Shortly after the delivery of these machines I received a telephone call at my home from an individual who identified himself as Eugene Jacobs and who stated that he represented local 266, IBT. Jacobs offered me several hundred dollars to remove the machines from Caruso's Restaurant. When I refused, this person said that "You can't sell your machines to Caruso; we won't stand for it. You have a nice wife and child; you had better get smart."

A week later I received another call at my place of business from a person who identified himself as Eugene Jacobs. He asked me what I decided to do about the jukebox in Caruso's and when I informed him that I went to the Nassau district attorney and the Nassau police, he replied, "That's fine; now you are in our hands." On the following morning I did in fact go to the Nassau district attorney's office to tell this story. Since then I received no further telephone calls from this individual.

I have read the foregoing statement and to the best of my knowledge and belief the facts contained herein are true.

HAL ZIMMERMAN.

CYRIL T. JORDAN, *Witness*.

Sworn to before me this 19th day of November 1958.

FRED HEBENSTREIT,

*Notary Public, State of New York, Qualified in Nassau County,
No. 30-1730700.*

Commission expires March 30, 1959.

Mr. KENNEDY. Mr. Chairman, we have a situation where a man wanted to buy his own machine for his own restaurant. He had Mr. Jacob's machine in there, and he wanted to buy his own. Through threats and intimidation, attempts at intimidation, the Jacob brothers sought to keep their machine in the restaurant.

A picket line was set up when this man tried to buy his own machine. We have here a picture of the picket. We also have a witness who can testify as to an interview that he had with the picket, Mr. Chairman.

The CHAIRMAN. Was this picket put up by this fellow Jacob on the witness stand?

Mr. KENNEDY. This was set up by local 266 of the Teamsters Union which is the union, according to the testimony we have had, was formed and established through the efforts of Mr. Jacob and his brother.

It is of some interest, Mr. Chairman, that the sign on the picket is incorrect, because the picket thought he was picketing for amusement machines, and it was a jukebox. They have the wrong union. It is just a form sign that he wore around, and they filled in the blanks. Somebody filled in the wrong blanks.

The CHAIRMAN. Mr. Herbert and Mr. Eugene Jacob, do you think you can identify this picture? Take a look at it and see if you recognize the picket.

(The photograph was handed to the witnesses.)

(The witnesses conferred with their counsel.)

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly believe my answer might tend to incriminate myself.

The CHAIRMAN. Let the record show the witness examined the picture and consulted with his counsel, and then gave that answer.

Let the picture be made exhibit No. 33.

(Photograph referred to was marked "Exhibit No. 33" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. May I call another short witness, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. KENNEDY. Mr. Kelly.

The CHAIRMAN. Mr. Kelly, you have been previously sworn?

Mr. KELLY. Not in this hearing, sir.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF JAMES P. KELLY

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. KELLY. My name is James P. Kelly. I am from New York City, employed as a staff investigator by this committee.

The CHAIRMAN. How long have you been so employed?

Mr. KELLY. For the past 2 years.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Kelly, you secured the photostatic copy of the original contract the Jacob brothers had with the Caruso Restaurant?

Mr. KELLY. That is correct, sir.

Mr. KENNEDY. And then you also received a photostatic copy of the contract for the purchase of the machine by Caruso Restaurant when they wanted to get rid of the Jacob brothers?

Mr. KELLY. That is correct.

Mr. KENNEDY. And then according to the affidavit, a copy of this contract was shown to the Jacob brothers and even despite that fact the picket line appeared in front of the Caruso Restaurant?

Mr. KELLY. That is right, sir.

Mr. KENNEDY. So when when the people tried to buy their own machine, place their own machine in their own restaurant, a picket line was placed in front of them to try to stop them, so that they would continue to do business with the Jacob brothers, who, according to the testimony, originally set up this Teamsters Union and financed it?

Mr. KELLY. Yes.

Mr. KENNEDY. Did you interview the picket?

Mr. KELLY. If you call it an interview, we spoke briefly with him on September 26, 1958, when we came out of Caruso's Restaurant. I asked him his name and it was Kenneth Ciazzo.

I asked him where he was from and he said Brooklyn. I said, "What is the story here? Why are you picketing?" He said, "I don't know, but I think it has something to do with the machine in there, the jukebox."

I said, "Are you sure?" and he said, "No." I said, "What is this local?" and he said, "266." I said, "Where are they located?" He happened to look at the sign and read upside down from the sign the address of local 266 in New York City. He didn't even know the address of the local for which he was picketing.

He then indicated to Detective Jordan and myself that he had been hired, that he was not a member of the union, that he had merely been hired, that he had worked in Brooklyn on the docks, that he received something like \$1 an hour for this work.

Mr. KENNEDY. Do you want to have those made exhibits, Mr. Chairman?

The CHAIRMAN. I hand you three photostatic copies of documents. I will ask you to examine the first one and state if you identify it.

(The document was handed to the witness.)

Mr. KELLY. Yes, sir; I do.

The CHAIRMAN. What is it?

Mr. KELLY. This is the agreement that Nu-Way Phonograph made with Caruso's Restaurant on July 13, 1956.

The CHAIRMAN. That may be made exhibit No. 34.

(Document referred to was marked "Exhibit No. 34" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I hand you two other photostatic copies. They appear to be what is entitled "Rush Order." They are not alike, however. They are for different purposes, apparently.

Will you examine those and state if you identify them?

(The documents were handed to the witness.)

Mr. KELLY. Yes, sir, Senator. One is the rush order for Economy Vending Service, Mr. Zimmerman's outfit, for a new Wurlitzer outfit, and the other is for a Smokeshop cigarette machine.

Both the jukebox and the cigarette machine were purchased by Mr. Caruso for his own use in that restaurant.

The CHAIRMAN. They may be made exhibit No. 34A and 34B.

(Documents referred to were marked "Exhibits 34A and 34B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Jacob, did you tell the gentleman, Mr. Zimmerman, who wanted to sell this jukebox to the Caruso Restaurant, when he said he intended to do that, that "You have a nice wife and child, and you better get smart"?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Just because this man was going to sell a jukebox in a location that you wanted, you were threatening his wife and his child; is that right, Mr. Jacob?

Mr. EUGENE JACOB. I respectfully decline to answer because I feel that my answer might tend to incriminate me.

Mr. KENNEDY. This whole idea about the operation of the union, the establishment of the union, bringing these gangsters in, you played a very major role in it; did you not, Mr. Jacob? It was your idea to a large extent? You brought the Gallos in; did you not?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. When they were able to move legally against this gangster-run union, local 19, you proceeded to bring in local 266 of the Teamsters; is that right?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. The whole reason for you doing this, as has been testified to here by two separate witnesses, was that you expected to establish a monopoly in the whole city of New York, with you controlling the jukebox and the game machines in the city of New York, with the help and assistance of these gangster-run unions; is that right?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer may tend to incriminate me.

Mr. KENNEDY. And anybody that stood in your way was threatened or beaten; is that right, Mr. Jacob?

Mr. EUGENE JACOB. I respectfully decline to answer because I feel my answer may tend to incriminate me.

Mr. KENNEDY. When you had some opposition, like you had the opposition from Mr. Green, you took your group out of the regular association, formed your own association, and then Mr. Green was badly beaten, so that he continuously has headaches and has trouble walking, and has lost a lot of control over his faculties; is that right?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel it would tend to incriminate me.

Mr. KENNEDY. Isn't that the way this whole thing is operated and run, that this is not a union operation, but it is an underworld operation, and that they need the assistance of people such as yourself who have these underworld connections to try to spread your tentacles out through the whole of the city and use the union in order to further your own design; isn't that right?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that the answers may tend to incriminate me.

Mr. KENNEDY. And you financed the union, as has been testified to here before the committee, did you not, local 266, and called it your union?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Do any Teamsters belong to that union? That is, 266. Do you know of any?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. The forming of the other association, according to our information, in that, Bert Jacob put up \$1,000 and Eugene Jacob put up \$500. That was \$1,500 out of the \$2,000 that went to form this association. Then the contract with local 266 was immediately signed.

Is that right?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might tend to incriminate me.

Mr. KENNEDY. In fact, the records that we have show that the contract between this United Coin Association and local 266 was entered into before the association ever even came into being. Is that right?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer may tend to incriminate me.

Mr. KENNEDY. We have a letter that went out on January 27, 1958; a notice to the operators. It was mailed out over Eugene Jacob's signature, which stated, "We have signed a collective bargaining agreement with local 266 of the Teamsters." That is January 27, 1958.

A contract in the committee's possession between United Coin and local 266 of the Teamsters, is dated January 28, the following day.

However, the minutes of that first board of directors' meeting show that that occurred on January 29, 1958, the day following.

Can you explain that to us?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer might tend to incriminate me.

Mr. KENNEDY. And the minutes further show that the first meeting of the membership was held on January 30, 1958, at which time it was announced that the association had negotiated a contract with local 266 of the Teamsters.

Can you explain to us how you can enter into a contract between an association and a union when the association had not yet come into being? That is No. 1.

The second point is: Were the membership who were involved in this, the local employees, the employees that worked for you people, were they ever consulted?

Obviously, from this chronology, they were not.

Is that right?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. This was just a scheme on your part, was it not, to control the coin-machine business in New York City?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And you moved the Gallo brothers, have you not, the strong-arm brothers, down into these other States, Pennsylvania and West Virginia, and Ohio, to further your aims? Is that right?

Mr. EUGENE JACOB. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, would you want to put in the records showing these dates?

The CHAIRMAN. Have we the evidence here?

Mr. KENNEDY. Yes.

The CHAIRMAN. Mr. Constandy, you have been previously sworn. You may testify about it.

Mr. CONSTANDY. I have before me a certified copy of the certificate. The certificate was signed on January 17, 1958, and filed January 20, 1958. It bears the certification by the secretary of state.

The CHAIRMAN. That may be made exhibit No. 35.

(Document referred to was marked "Exhibit No. 35" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. I have before me on the letterhead of the United Coin Machine Operators of New York, Inc., a notice to fellow operators, dated January 27, 1958, and it was delivered to the staff members by the Association of United Coin Machine Operators.

The CHAIRMAN. It may be made exhibit 35A.

(Document referred to was marked "Exhibit 35A" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. I also have before me the total minutes of the United Coin Machine Operators Association which were delivered to the committee. They are five in number, dated January 29th, which is the meeting of the board of directors; a general meeting, minutes for January 30; then February 18, 28, and March 12, all in 1958.

The CHAIRMAN. They may be made exhibit No. 36.

(Documents referred to marked "Exhibit No. 36" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. Those, incidentally, were unsigned copies that we received.

Mr. KENNEDY. We have also some information or evidence that the United Coin was paying at least some of the bills of the Gallo brothers. Is that right, Mr. Jacobs?

Mr. EUGENE JACOBS. I respectfully decline to answer because I honestly feel that my answer may tend to incriminate me.

Mr. KENNEDY. We have here a check, Mr. Chairman, in the amount of \$175, drawn on the United Coin account. We have the rest of the documentation showing how the money was spent.

The CHAIRMAN. I hand you here, Mr. Eugene Jacob, an original check, dated March 20, 1958, drawn on the Chase National Bank of New York. It is payable to station M, or W—I can't be sure which—

Mr. KENNEDY. Station M.

The CHAIRMAN. In the amount of \$175. It is signed United Coin Machine Operators of New York, by Eugene Jacob, president; Maxwell Gulden, secretary.

Attached to it is an information request made out in the name of Albert Gallo, and addressed to Robert J. Cofini.

There is also attached a calling card of Station M, Inc., together with an invoice on the station M invoice blank, giving different items, a total of \$376.02, the invoice being dated March 1, 1958.

I present to you all of these documents, which I have referred to, and ask you to examine them and first state if you identify the check. (Documents handed to the witness.)

(Witness conferred with his counsel.)

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly believe my answer may tend to incriminate myself.

The CHAIRMAN. The check may be made exhibit 37.

(Check referred to was marked "Exhibit No. 37" for reference and will be found in the appendix on p. 16936.)

The CHAIRMAN. The other documents will be made A, B, C, in the order in which the Chair referred to them.

(Documents referred to marked "Exhibits Nos. 37A and 37B" will be found in the appendix on pp. 16937-16938. 37C may be found in the files of the select committee.)

The CHAIRMAN. I will ask you about the other documents as well, the calling card, the business card, the request from Mr. Gallo, and also the invoice.

Do you know anything about those?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel my answer may tend to incriminate me.

The CHAIRMAN. We may have the explanation of it.

Do you want us to give it to you, if you do not want to give it to us? Would you like to listen to it?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel—

The CHAIRMAN. Do you think what you say may incriminate you? All right. Proceed.

Mr. KENNEDY. These documents show that the work was contracted for by Sidney Slater, the managing director of United Coin; that the car was owned by Mr. Albert Gallo, and evidently the money came out of the United Coin Machine Association, again showing the close connection between the association, the Gallos, and the fact that the Gallos had ultimately backed local 19 of the FSWU.

Could you tell us why you were paying the bills of the Gallos?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel my answer may tend to incriminate me.

Mr. KENNEDY. Doesn't this tend to support the testimony of the earlier witness who said that the Gallos were frequently in the office of the United Association, the Coin Machine Association, and that they were doing organizational work on behalf of you people, going around getting locations and stops?

Mr. EUGENE JACOB. I respectfully decline to answer because I honestly feel that my answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions by any members?

If not, you may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Joseph Iovine.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. IOVINE. I do.

TESTIMONY OF JOSEPH A. IOVINE, ACCOMPANIED BY COUNSEL,
DAVID F. PRICE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. IOVINE. Joseph A. Iovine, 2212 Trenton Road, Brooklyn, N. Y., attorney at law.

The CHAIRMAN. Thank you very much. I assume you waive counsel, or do you have counsel?

Mr. PRICE. Counsel is here with him, sir.

The CHAIRMAN. Let the record show that the same counsel, Mr. Price, who appeared for the previous witness, appears also for this witness, Mr. Iovine.

Mr. KENNEDY. It is I-o-v-i-n-e?

Mr. IOVINE. That is correct.

Mr. KENNEDY. You are an attorney-at-law?

Mr. IOVINE. I am, yes.

Mr. KENNEDY. Licensed to practice in the State of New York?

Mr. IOVINE. Yes, I am.

Mr. KENNEDY. For how long?

Mr. IOVINE. Since June of 1955.

Mr. KENNEDY. You were an applicant on the FSWU charter for the Restaurant and Cafeteria Employees Union, Local 26?

Mr. IOVINE. That is correct, Mr. Kennedy.

Mr. KENNEDY. How did you happen to become an applicant for that charter?

Mr. IOVINE. Mr. John Amalfitano, whom I had known for 7 or 8 years asked me if I wouldn't assist him in organizing the restaurant industry.

Mr. KENNEDY. Had you had any activity in that field before?

Mr. IOVINE. I had not, sir.

Mr. KENNEDY. Had Mr. Amalfitano been active in the restaurant field before?

Mr. IOVINE. Not to my knowledge.

Mr. KENNEDY. Did you agree then to go along and help organize the restaurant workers?

Mr. IOVINE. Yes, I did.

Mr. KENNEDY. How long did you say you had known Mr. Amalfitano?

Mr. IOVINE. Approximately 7 years.

Mr. KENNEDY. How had you known him?

Mr. IOVINE. Through a mutual friend, Frank Marterello.

Mr. KENNEDY. Was he also an associate of your nephews? Are you an uncle of the Gallos?

Mr. IOVINE. Yes, I am, Mr. Kennedy.

Mr. KENNEDY. Was he an associate of theirs, also?

Mr. IOVINE. An associate of whom?

Mr. KENNEDY. Al Gallo.

Mr. IOVINE. Mr. John Amalfitano?

Mr. KENNEDY. Yes.

Mr. IOVINE. I don't know whether or not Mr. Amalfitano knew Mr. Albert Gallo prior to that time.

Mr. KENNEDY. Now, did you become an officer in that union?

Mr. IOVINE. Yes, sir, I did, sir.

Mr. KENNEDY. What office?

Mr. IOVINE. President.

Mr. KENNEDY. Did you know anything about the window breaking at the restaurant that was being organized by local 26 that I spoke about earlier today?

Mr. IOVINE. I did not until after its occurrence.

Mr. KENNEDY. Do you know who was responsible for it?

Mr. IOVINE. I do not.

Mr. KENNEDY. Did you take an active role in running the union?

Mr. IOVINE. I assisted in drafting the constitution, the scope and management and I assisted in drafting copies of the contracts that were submitted to the employees in connection with the negotiating collective bargaining agreements, and I was a signatory on the bank accounts of the local.

Mr. KENNEDY. Was there money going through the local?

Mr. IOVINE. I believe we had approximately 50 to 75 members during my tenure of office.

Mr. KENNEDY. Where was the money from their dues kept?

Mr. IOVINE. It was kept in a bank deposited, I believe it was, the Bankers Trust. I am not sure.

Mr. KENNEDY. What were the dues?

Mr. IOVINE. \$1 a week.

Mr. KENNEDY. What has happened to that money?

Mr. IOVINE. That money was expended for printing circulars for the purpose of soliciting membership, and for the purpose of publishing stationery and for the purpose of engaging pickets engaged in organizational picketing.

Mr. KENNEDY. Where did you find your pickets?

Mr. IOVINE. Mr. John Amalfitano got them.

Mr. KENNEDY. Where did you hire them?

Mr. IOVINE. I don't know, sir.

Mr. KENNEDY. How much did you pay them?

Mr. IOVINE. I don't recall, sir, the record would show that, and I don't remember.

Mr. KENNEDY. You didn't have any participation and didn't participate in the selection of the pickets?

Mr. IOVINE. No, I did not.

Mr. KENNEDY. Did you select those places that were to be picketed?

Mr. IOVINE. No, sir, I did not. We consulted, when we solicited members we would discuss the matter before picketing.

Mr. KENNEDY. Would you picket if the employees decided they didn't want to belong to the union?

Mr. IOVINE. I don't believe we ever picketed where we had no members, and it was only in those locations where we had members that the picketing was engaged in.

Mr. KENNEDY. Why did you have to hire pickets then, if the employees wished to go out on strike themselves?

Mr. IOVINE. The employees did not express an indication to go out on strike.

Mr. KENNEDY. What did they express an indication of?

Mr. IOVINE. The employees who were solicited expressed an indication that they wanted to be members of the union.

Mr. KENNEDY. Did you have cards to that effect?

Mr. IOVINE. Yes.

Mr. KENNEDY. What happened to those cards?

Mr. IOVINE. Those cards, I believe, are still in the custody of Mr. Amalfitano.

Mr. KENNEDY. How long did you remain with that union?

Mr. IOVINE. Until approximately January, some 10 months, January of 1958.

Mr. KENNEDY. Why did you resign?

Mr. IOVINE. Lack of cooperation on the part of the membership in calling meetings, and obtaining quorums.

Mr. KENNEDY. Did you expect to pick up some law business in addition?

Mr. IOVINE. I don't know that was the specific intention, but I assume if it came I would take it.

Mr. KENNEDY. Was that one of the reasons for getting into this?

Mr. IOVINE. I don't know that was a specific thing, and I considered it a worthy cause.

Mr. KENNEDY. There might be a good salary from it, or what?

Mr. IOVINE. I didn't have any specific intent, and I anticipated that it might be successful and there might be remuneration in the future.

Mr. KENNEDY. When did you first get into or learn or hear about the coin industry or become interested in the coin industry?

Mr. IOVINE. Sometime during the latter part of 1957, as a result of legal representation of Norman Clark and Gallo.

Mr. KENNEDY. They had set up a company, had they, Mr. Gallo and Mr. Clark?

Mr. IOVINE. I believe they did.

Mr. KENNEDY. Did you at that time understand that there would be a good field, there would be a good business to get into?

Mr. IOVINE. I had no understanding, and they had legal problems and they came to me and I represented them.

Mr. KENNEDY. Did you go into the idea of getting locations, did you discuss that with them?

Mr. IOVINE. For whom? For them, you mean?

Mr. KENNEDY. Yes.

Mr. IOVINE. No.

Mr. KENNEDY. What was the legal problem that was facing them at that time?

Mr. IOVINE. Now I would like to determine whether or not that is privileged communication, Mr. Kennedy.

Mr. KENNEDY. It is not necessary to go into it. At that time had the operators decided what union to affiliate with?

Mr. IOVINE. At what time, Mr. Kennedy?

Mr. KENNEDY. In 1957, the latter part of 1957.

Mr. IOVINE. In December of 1957 or January of 1958?

Mr. KENNEDY. Yes.

Mr. IOVINE. I believe they had determined that they were going to join local 266.

Mr. KENNEDY. This was the operators?

Mr. IOVINE. Mr. Gallo and Mr. Norman Clark, and I don't believe I knew any of the other operators at that time.

Mr. KENNEDY. What union had they discussed or contemplated joining prior to their decision to join local 266?

Mr. IOVINE. Well now, again I believe that would be a privileged communication, Mr. Kennedy.

Mr. KENNEDY. What union they wanted to join? Wasn't it local 19 that they were originally contemplating joining and then they switched over to 266?

Mr. IOVINE. My recollection is that they were members of local 19.

Mr. KENNEDY. And then they switched to local 266?

Mr. IOVINE. I believe that is correct.

Mr. KENNEDY. What was the reason they switched to 266?

Mr. IOVINE. I don't know, sir.

Mr. KENNEDY. You don't know, and you never discussed that?

Mr. IOVINE. I didn't discuss that.

Mr. KENNEDY. Did you yourself have anything to do with local 266?

Mr. IOVINE. I was vice president.

Mr. KENNEDY. How did you become vice president?

Mr. IOVINE. I was nominated by Mr. Norman Clark.

Mr. KENNEDY. You, the attorney for one of the operators, was made vice president of the Teamsters' local?

Mr. IOVINE. That is correct, Mr. Kennedy.

Mr. KENNEDY. Had you been a member of the union at that time?

Mr. IOVINE. I had filed an application.

Mr. KENNEDY. Were you a member of the union at the time you became vice president?

Mr. IOVINE. I filed an application at the time and I was not in attendance at the meeting at which I was elected.

Mr. KENNEDY. You were not actually a member of the union at the time you became vice president?

Mr. IOVINE. If the meeting was held after the submission of my application, I would have been a member at the time.

Mr. KENNEDY. When did you file the application?

Mr. IOVINE. To the best of my recollection, sometime in December of 1957, or January of 1958.

Mr. KENNEDY. When were you admitted or when did you first attend a meeting, or when did you receive notification back that you were a member?

Mr. IOVINE. I believe it was some 3 or 4 days after I completed my application.

Mr. KENNEDY. You hadn't received notification you were a member at the time you were elected vice president?

Mr. IOVINE. It was some 3 or 4 days after I had filed my application.

Mr. KENNEDY. Had you received notification that you were a member at the time you were elected vice president of the union?

Mr. IOVINE. I don't know the dates, Mr. Kennedy, and I don't know whether it was simultaneously or it followed.

Mr. KENNEDY. Can you testify here before the committee that you were in fact a member of the union at the time you were elected vice president?

Mr. IOVINE. I cannot so testify, Mr. Kennedy.

Mr. KENNEDY. According to the Teamster constitution, section 4, article 2, Eligibility to Office:

To be eligible for election to an office of a local union or the international union, a member must be in continuous good standing for a period of 2 years prior to nomination for said office, and must have worked at the craft as a member for a total period of 2 years.

Had you worked at the craft as a member for a period of 2 years?

Mr. IOVINE. I had not, Mr. Kennedy.

Mr. KENNEDY. You were not a member in good standing certainly of the Teamsters Union for 2 years.

Mr. IOVINE. I had not paid any initiation or any dues.

The CHAIRMAN. You mean you were elected vice president before you paid any dues or any initiation fee?

Mr. IOVINE. I never paid any initiation fees.

The CHAIRMAN. Have you ever paid any since?

Mr. IOVINE. I have never paid any, Mr. Chairman.

The CHAIRMAN. At any time?

Mr. IOVINE. At any time.

The CHAIRMAN. Before becoming a member or since?

Mr. IOVINE. That is correct.

The CHAIRMAN. What provision of the constitution entitles you to such privileges?

Mr. IOVINE. I am not familiar with the provisions of their constitution, and I never attended any meetings at their office.

The CHAIRMAN. How long did you remain vice president of local 266?

Mr. IOVINE. I resigned sometime after a meeting in February of 1957.

The CHAIRMAN. How long a period of time?

Mr. IOVINE. That would be approximately a month or two, and my letter of resignation followed sometime thereafter.

The CHAIRMAN. I don't know, and the files may show the date.

Mr. KENNEDY. I will go into that. I would like to read on in the constitution, Mr. Chairman:

In local unions organized for less than 2 years, an individual must be a member and in continuous good standing and must have worked at the craft as a member for at least half of the period of time since the local union was chartered by the international union.

Now, this local union was chartered some time ago, but it was re-activated, as I understand it, in December of 1957, or January of 1958.

Mr. IOVINE. I wouldn't know anything about that, Mr. Kennedy.

Mr. KENNEDY. You didn't know anything about the operations of the union?

Mr. IOVINE. Absolutely not.

Mr. KENNEDY. Were you surprised when you were elected vice president?

Mr. IOVINE. I don't know that I experienced any emotional reaction.

Mr. KENNEDY. Did you know where the local office was located?

Mr. IOVINE. Only that at the address to which my letter of resignation was forwarded.

Mr. KENNEDY. Prior to that, when you were vice president, did you know where the local office was?

Mr. IOVINE. I never attended the office at any time.

Mr. KENNEDY. You never were in the office?

Mr. IOVINE. Never.

Mr. KENNEDY. Did you meet Joe DeGrandis?

Mr. IOVINE. I did not meet Mr. DeGrandis until February 16, which was the date I attended the meeting at the joint council.

Mr. KENNEDY. What was that meeting and was that the only meeting you ever attended?

Mr. IOVINE. It was the only meeting I attended.

Mr. KENNEDY. That was a meeting of the joint council?

Mr. IOVINE. Yes, and my purpose in going there at the time was to inform them of my resignation.

Mr. KENNEDY. Did you participate in the election?

Mr. IOVINE. Yes, I did.

Mr. KENNEDY. Do you know who you voted for?

Mr. IOVINE. I don't recall whom I voted for.

Mr. KENNEDY. Did you vote?

Mr. IOVINE. Yes; I did, sir.

Mr. KENNEDY. Did you know who was running for head of the joint council?

Mr. IOVINE. I don't recall.

Mr. KENNEDY. Your letter of resignation is dated May 26, 1958, and states that it is to take effect as of this date; is that right?

Mr. IOVINE. That is correct, Mr. Kennedy.

Mr. KENNEDY. Why did you become vice president of Local 266 of the Teamsters?

Mr. IOVINE. I indicated an interest to become a member of the union and I contemplated seriously going into the industry and purchasing machines and going into the industry, and I merely desired to become a member, and there was no expressed authorization on anyone to nominate me for office.

Mr. KENNEDY. Isn't a union supposed to be made up of employees?

Mr. IOVINE. Well, I believe that operators who service their own machines and collect their own machines are members of the union.

Mr. KENNEDY. Is that what you planned to do—to go around and service your own machines and collect?

Mr. IOVINE. I contemplated that I would do that, sir.

Mr. KENNEDY. Did you ever?

Mr. IOVINE. I did not. I talked with Mr. Price, my law partner, and after talking to him I no longer considered the situation feasible.

Mr. KENNEDY. Was Mr. Price your law partner, who represented the Jacob brothers—did he have anything to do with the association?

Mr. IOVINE. Absolutely not.

Mr. KENNEDY. He never worked or was attorney for the association?

Mr. IOVINE. Which association?

Mr. KENNEDY. Any of the coin machine associations?

Mr. IOVINE. Well, we are the attorneys for the Associated Amusement Machine Operators of New York.

Mr. KENNEDY. Now, so I understand, you two, you and your partner, are the attorneys for the Associated Amusement—what is it?

Mr. IOVINE. Machine Operators of New York.

Mr. KENNEDY. The association which is made up of employers; is that right?

Mr. IOVINE. That is correct.

Mr. KENNEDY. And you, on the other hand, were a vice president of the Teamsters Union?

Mr. IOVINE. Not at the same time.

Mr. KENNEDY. When were you attorneys for the association?

Mr. IOVINE. Sometime in August or September of 1958.

Mr. KENNEDY. Then you weren't attorneys for the association prior to that time?

Mr. IOVINE. We were not.

Mr. KENNEDY. You went from a vice president of the Teamsters Union, Local 266, to attorney for the association?

Mr. IOVINE. I resigned in May of 1957.

Mr. KENNEDY. I think it was 1958.

Mr. IOVINE. Yes, 1958, and in September, I believe, we became the attorneys for the Associated Amusement Machine Operators of New York.

Mr. KENNEDY. So the answer is "Yes" to my question.

Mr. IOVINE. If that was the question.

Mr. KENNEDY. Vice president of the Teamsters to counsel for the association.

Mr. IOVINE. I didn't go from one to the other. I resigned in May of 1958 and there was no contemplation at that time of becoming the attorneys for any organization.

Mr. KENNEDY. When did Mr. Price become attorney for the association?

Mr. IOVINE. In September of 1958; in August or September.

Mr. KENNEDY. He had not worked for the association prior to that time?

Mr. IOVINE. He had not, sir.

Mr. KENNEDY. For the Jacob brothers, and he represented the Jacob brothers?

Mr. IOVINE. We had never represented the Jacob brothers.

Mr. KENNEDY. Up until this hearing.

Mr. IOVINE. Up until this hearing.

Mr. KENNEDY. Yes.

Mr. IOVINE. I believe he represented the Jacob brothers when they visited Mr. Constandy and Mr. May before the State select committee in New York.

Mr. KENNEDY. And you were attorney, or so I understand, you were the attorney for Gallo, and this is a third brother, Albert Gallo.

Let me start over again. You were attorney for Larry Gallo?

Mr. IOVINE. That is Lawrence Gallo and Norman Clark.

Mr. KENNEDY. Who was an operator; is that right?

Mr. IOVINE. That is correct.

Mr. KENNEDY. And from there you went to be vice president of local 266?

Mr. IOVINE. That is correct.

Mr. KENNEDY. And then you resigned as vice president of local 266 and became the attorney subsequently for the association?

Mr. IOVINE. That is correct.

Mr. KENNEDY. And your fellow law partner is also an attorney for the association, and also for the Jacob brothers?

Mr. IOVINE. That is correct, Mr. Kennedy.

Mr. KENNEDY. It shows, I believe, does it not, a very close relationship between all concerned in this, the association and the union, and the Gallos and the Jacobs.

Mr. IOVINE. I don't believe it shows a close association with respect to the Gallos or with respect to the unions or with respect to the asso-

ciation. It shows that Mr. Amalfitano asked me to assist him in the Restaurant Union and I consented, that I resigned in January of 1958, and I had known Mr. Amalfitano.

I represented the Gallos and Mr. Norman Clark in connection with their music box operation because I was requested to represent them, and we were recommended to be considered as attorneys for the association when the association was without an attorney.

Mr. KENNEDY. Have you finished?

Mr. IOVINE. Yes, sir.

Mr. KENNEDY. Well, I would say for my part, from an analysis or examination of the situation, that it shows a very, very close association between the Jacob brothers, who were participating according to the testimony in setting up local 19, and then participating in setting up local 266. The Jacob brothers, the employers, on one hand, and the union, DeGrandis' union coming into existence with him as the head of it in January of 1958, after he had been kicked out of another union, and then you becoming a vice president, and then shortly afterwards leaving there and both of you becoming attorneys for the association.

To me it shows a very, very close relationship and participation by all parties.

Mr. IOVINE. I am stating the facts, Mr. Kennedy, and if that is your inference and conclusion, you are entitled to it.

Mr. KENNEDY. It is.

The CHAIRMAN. Is there anything further?

Are there any questions?

Senator CAPEHART. I don't want to go over ground that has been gone over maybe before at other hearings, but what was the purpose of organizing the so-called dealers or operators in these machines?

Mr. IOVINE. I don't know, and I didn't organize it.

Senator CAPEHART. You don't know the purpose of doing it?

Mr. IOVINE. No.

Senator CAPEHART. If I understand correctly, the owners themselves belong to the union; is that correct?

Mr. IOVINE. That is my understanding.

Senator CAPEHART. And likewise their employees?

Mr. IOVINE. Their employees likewise.

Senator CAPEHART. And they both belong to the same union?

Mr. IOVINE. That is correct.

Senator CAPEHART. And you don't know the reason for it?

Mr. IOVINE. I do not.

Senator CAPEHART. Why would both employer and employee belong to the same union?

Mr. IOVINE. I do not know.

Senator CAPEHART. You have no knowledge whatsoever of why that would be?

Mr. IOVINE. The employers, I believe, engage in the collection or servicing of machines, and in that situation if they took the place of an employee, then as such I believe the union would feel that they must belong to the union.

Senator CAPEHART. Well, was it the purpose of the employer, as well as the employee belonging to the union, to discipline locations,

meaning the restaurant or places where these machines were put? What that the purpose of it?

Mr. IOVINE. I don't understand when you say "to discipline."

Senator CAPEHART. Well, insist that they do business with a certain operator, and not another operator.

Mr. IOVINE. I am not familiar with that.

Senator CAPEHART. And the percentage of the income of the machines be divided on a certain basis?

Mr. IOVINE. I don't understand your question, sir.

Senator CAPEHART. Well, to put it another way, or maybe you don't know, and if you don't, I don't want to put words in your mouth, but I am just wondering if the information has been brought out as to why the employer and the employee would belong to the same union.

Ordinarily employees belong to unions, but employers do not, and they get together and they bargain. Now I am trying to see if you know why in this instance both the employers and the employees belonged to the union.

Was it for the purpose of forcing certain rules and regulations upon the places where they put these machines?

Mr. IOVINE. I do not know that that has arisen, Senator.

Senator CAPEHART. You just don't know why both belong?

Mr. IOVINE. Only that an owner-operator may service or make collection upon a machine which is in a location, and as such, he may be taking the place of labor and should be entitled to belong.

Senator CAPEHART. Isn't it a fact that the employers did no service work and they likewise belonged to the union; is that correct?

Mr. IOVINE. That is correct.

Senator CAPEHART. So you don't know why there is this unusual situation of both employers and employees belonging to the same union?

Mr. IOVINE. Only for the reason I have expressed, that they may service or collect on the machines that they have in a particular location.

Mr. KENNEDY. Mr. Profaci, when he was arrested on one occasion had the card of local 26, which is one of the unions you were an officer of. Do you know Mr. Profaci?

Mr. IOVINE. I do not, sir.

Mr. KENNEDY. Do you know why he had the card of your local?

Mr. IOVINE. I don't have any knowledge that he had such a card, and I don't know why, if he had such a card, why he would have it.

Mr. KENNEDY. Do you know of Mr. Profaci as a notorious gangster?

Mr. IOVINE. I do not.

Mr. KENNEDY. That is all.

The CHAIRMAN. Stand aside.

Call the next witness.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DeGRANDIS. I do.

TESTIMONY OF JOSEPH DeGRANDIS, ACCOMPANIED BY COUNSEL,
HARRY CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DeGRANDIS. Joseph DeGrandis, 3890 Victory Boulevard, Staten Island.

The CHAIRMAN. Are you a businessman?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you a labor union official?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have counsel present?

Mr. DeGRANDIS. Pardon?

The CHAIRMAN. Do you have counsel present?

Mr. DeGRANDIS. Yes.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. ALLDER. My name is Harry Clifford Alder, a member of the bar of Washington, D.C.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. DeGrandis, Mr. Chairman, is the president of the Automatic Coin and Vending Machine Employees Union, Local 266, of the International Brotherhood of Teamsters.

Is that correct?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to our information, the first time that you got into the labor movement was when you received a charter from the Retail Clerks Union, and that was on February 25, 1954.

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You received charter 413, Amusement and Concessionaires Local 413 of the RCIA, which had a membership of nine in March of 1954, 25 in April and May. According to our information, your organizational work was confined to an attempt to organize the employees of the Willow Brook State School on Staten Island, where your wife was employed as an attendant; is that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were the president of that union, and the local's address was your home; is that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The Retail Clerks International Union picked up the charter of this local on March 5, 1957.

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the testimony before the committee by the representatives of the Retail Clerks, they went in to get whatever records there were, membership cards, and they found two items in the local, and one was a gun and one was a billy.

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Here you are, Mr. DeGrandis, head of this union, and you finally obtain an office and when the international union goes in to take over the books and records, all they find is a club and a gun.

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator Ervin left the hearing room.)

The CHAIRMAN. Did you ever keep any records?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you have a typewriter?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you have any other office equipment other than the gun and the club?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is that all of the instruments you need for union organization?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. That was perhaps a mark in your favor, as far as your later employment. But also you had had the additional fact that you had been arrested four times and convicted twice. In 1939 for criminally receiving stolen property, where you were convicted and sentenced to 2½ to 5 years, and then subsequently you were convicted.

Well, I believe you were convicted in 1939 for operating a still, making arrangements for the operation of a still, and received a sentence in Atlanta for a year and a day in the Federal penitentiary there.

You finally got out of jail on April 1, 1944.

Is that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to our information, you left school at the eighth grade, in 1920, and got into these difficulties. You were employed as a painter and a shipyard worker, a laundry routeman, a truck driver, and a restaurateur.

You served in the Navy from 1923 to 1924. You were also known as Joseph Russo and Joseph Angelo, and also as "Bull," is that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. With this background of convictions and the fact that another international union with a good reputation had moved in and taken over your operations and found this gun and this club, then subsequently, within a couple of years, you were promoted and made head of the Teamsters local union; that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And it was your local, which is backed by the underworld in New York, where there is going to be this attempt, together with the Jacob brothers, to take over the coin machine business in New York City, is that right?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The other strategic spot in this field, in the Teamsters Union, is local 805, and that is controlled by Miltie Holt, who is a close associate and friend of Johnny Dioguardi's. He is the one who heads up local 805, which handles the cigarette machines in New York City, and you handle the other coin machines, the main coin machines, which are the jukeboxes and the amusement machines; is that right?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it the point of the union not to help the employees, but in both your cases it is the aim to give a monopoly to certain favored operators? Isn't that right?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And the union is financed by these label fees; is that right? As of now, according to the international records, the union has less than 100 members. Isn't it a fact that it is financed at the present time by these label fees that you charge for?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What official position do you hold in 266? Are you president of it?

Mr. DEGRANDIS. I respectfully decline to answer——

The CHAIRMAN. Is that correct?

Mr. KENNEDY. Yes.

The CHAIRMAN. You are the president of local 266?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Believing you are, I present to you some stickers entitled "Vending Machines." It says "Teamsters." It has a wagon wheel or something like that on it. It is local 266. They are numbered.

I will ask you to look at them, at the exhibit, and state if you identify what they are.

(The documents were handed to the witness.)

Mr. ALLDER. What is the question, Senator?

The CHAIRMAN. Do you identify them?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything honest, decent, upright at all about local 266 and you officers who belong to it; anything at all?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is that sticker incriminating; do you think?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The whole thing is designed as a racket, isn't it, to extort money out of people?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. That particular badge of local 266 is the badge of an extortion, is it not?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Make those stickers exhibit No. 38.

(Stickers referred to were marked "Exhibit No. 38" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Constandy to put in the information that we have?

The CHAIRMAN. Come forward, Mr. Constandy.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

Mr. CONSTANDY. Pursuant to a subpoena served on local 266, there was furnished to the committee what purports to be the minutes of local 266, a looseleaf binder and 100 pages of looseleaf paper, 98 of which are blank. It reports one meeting which purportedly took place on December 5, 1957, and gives the place of the meeting as 799 Coney Island Avenue, in Brooklyn; 799 Coney Island Avenue is the premises of the Empire Automatic Corp., which is an operating company of coin machines, and which is owned by Albert Koondel. Mr. Koondel was one of the people whose names appear on the certificate of incorporation of the United Coin Machine Operators. So he was one of the founders of this association, and it was on his premises that the first union meeting was held.

The minutes go on to reflect local 266 transactions for that night.

The CHAIRMAN. The copy of those minutes may be made exhibit No. 39 for reference.

(Minutes referred to were marked "Exhibit No. 39" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. I would first like to point out that included in the items that were turned over to the committee by Mr. DeGrandis is this slip of paper which bears the mark "Paid by the Novik Press, Inc.," in New York. It is a receipt for the purchase of a ring binder for \$1.50 and 100 sheets of paper at 50 cents, for a total of \$2. The date of the minutes is December 5, 1957. So the minute book was purchased some 5 to 6 months after the meeting was held.

Mr. KENNEDY. What date does it show that the book was purchased?

Mr. CONSTANDY. May 15, 1958.

Mr. KENNEDY. And what date is the minutes in the book?

Mr. CONSTANDY. December 5, 1957.

The CHAIRMAN. That slip, a copy of it, may be made exhibit No. 39A.

(Document referred to was marked "Exhibit No. 39A" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. The first item of business was that Brother Sidney Slater made a motion, seconded by Brother McGinley, to assess each unit 65 cents. The motion was carried unanimously.

Mr. Slater is the man about whom there has been testimony concerning the repair of Albert Gallo's automobile. He is the one who took it to the service station. That is in connection with United Coin, which is the operators' association.

Mr. KENNEDY. He works for the association?

Mr. CONSTANDY. That is correct. He made the motion at the union meeting to assess each unit 65 cents.

The CHAIRMAN. What do you mean by each unit? Is that each coin machine?

Mr. CONSTANDY. Yes. It would be each jukebox or game machine which is on location.

The CHAIRMAN. To assess it 65 cents for what period of time?

Mr. CONSTANDY. Well, it only read this. The practice in the trade is per month, and I think that that is borne out later on by the contracts that were entered into by local 266.

The CHAIRMAN. Sixty-five cents a month?

Mr. CONSTANDY. Per machine, yes.

Mr. KENNEDY. That is to finance the union, Mr. Chairman, which, as we have stated, is made up of less than 100 members.

Mr. CONSTANDY. The second item was discussion on salaries and employees, to be paid to the president and secretary-treasurer. It was followed by a motion made by Brother Thomas McGinley that the president and secretary-treasury be paid at the rate of \$150 per week for the year 1958, this to be increased \$100 per week for the year 1959, any further increases to be brough before the membership.

It then reads that the salary for both the secretary and treasurer would be \$150 a week for 1958 and \$250 a week for 1959.

The CHAIRMAN. Are you paying yourself that increase in salary in 1959?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. CONSTANDY. The next item empowers the president and secretary-treasurer to sign checks up to the amount of \$10,000.

The following item is to allow an expense amount of \$100 per week to the president and secretary-treasurer.

The next provision is that a car be provided for the president and secretary-treasury, each car not to exceed \$5,000 in cost.

Each of these items were passed, incidentally, unanimously.

The CHAIRMAN. These are the only minutes of the meeting held there?

Mr. CONSTANDY. They are the only minutes that were delivered to the committee. I don't know of any other minutes.

The CHAIRMAN. You sought to obtain all of them?

Mr. CONSTANDY. We did.

The CHAIRMAN. Were you told this was all of the minutes?

Mr. CONSTANDY. They were delivered to us as the minutes. I was not personally present.

The CHAIRMAN. That book was bought when?

Mr. CONSTANDY. The book was bought in May, May 15, 1958, and pertain to the minutes of the meeting of December 5, 1957.

The CHAIRMAN. And it contains no minutes since?

Mr. CONSTANDY. No, it does not.

There was a motion made and carried that the union initiate a meeting with the United Coin Association for the purpose of entering a contract.

I would again like to call your attention to the date. The date of this meeting purports to be December 5, 1957, while the certificate of incorporation filed by United Coin was filed on January 20, better than 1 month and 15 days later.

The CHAIRMAN. There wasn't any such association in existence at the time?

Mr. CONSTANDY. There was no legal association in existence at this time, at the time the minutes purport to represent.

There was a motion that dues be \$5 per month per member, and an initiation fee of \$25, until the organizational drive was concluded, and then increased to a sum to be fixed at a later date.

The chairman then announced that the time for special business had come, and the election of officers for a term of 5 years, starting January 1, 1958. It then goes on to list the officers of the organization.

The CHAIRMAN. Who was elected president?

Mr. CONSTANDY. President was Joseph DeGrandis; vice president was Joseph Iovine.

The CHAIRMAN. DeGrandis—is that the witness we have before us today?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. He was elected president?

Mr. CONSTANDY. That is right.

The CHAIRMAN. Do you agree with that, that that is correct, that you were elected president, and that you are now the president?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are not ashamed of the fact, are you?

Mr. DEGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Constandy.

Mr. CONSTANDY. The balance of the minutes contain only two pertinent provisions. One of them is that the officers would be empowered to obtain loans in order to conduct their planned membership drive; and the second is, "As conditions at present are in a state of flux, the membership agreed to leave it at the discretion of the president to set the date for the next meeting within a period of 4 months."

The minutes are signed by Zundel, who had been elected secretary-treasurer.

The CHAIRMAN. Well, there have been more than 4 months elapse since then. Does it appear that any meeting has ever been called?

Mr. CONSTANDY. There is no indication that there was.

The CHAIRMAN. At least there are no minutes in the minute book showing that a meeting was held.

Mr. CONSTANDY. There are not.

There is one other item. In the checkbook stub of the account of local No. 266, which, incidentally, is carried at 107 Constant Avenue, which is the home of Mr. DeGrandis, located in Staten Island, while the union office is in Manhattan, on 42d Street, the account has an entry between checks Nos. 10 and 11. The stub bears the date for stub No. 10, of January 22, 1958, and beneath that balance, which is

\$6.69, there is a deposit shown of \$1,000, and penciled in red next to it is the notation "New operation."

Mr. KENNEDY. Have you some information on the AAMONY contract that was signed?

Well, before I ask you about that, what do the records of the international show as to the membership of this local?

Mr. CONSTANDY. Based only on the per capita tax that was paid by the local, the records of the international show that in November 1957 the local paid per capita tax on 51 members. However, the per capita tax payment was not made until January 9, 1957.

Mr. KENNEDY. Do you have the per capita tax later on in 1958?

Mr. CONSTANDY. Yes. I will just give this one for January 1958. It again shows per capita tax being paid on 50 members.

The CHAIRMAN. January of 1958 they paid a tax on 50 members?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. That is local 266?

Mr. CONSTANDY. Local 266.

The CHAIRMAN. Have you got it for this year?

Mr. CONSTANDY. Yes, I have.

From October 1958, it is 125 members; November 1958, 135 members; and December of 1958, 140 members. That is the most recent that is available.

The CHAIRMAN. So it has 140 members?

Mr. CONSTANDY. As is indicated by the per capita tax payments, yes, sir.

The CHAIRMAN. That is all they are reporting to the international union.

Mr. KENNEDY. According to the local's own records, what does it show as the membership?

Mr. CONSTANDY. As of June 30, 1958, from the accounting by Mr. Corfini of local 266 records, they had a membership of 53 members as of that date, June 30, 1958.

Mr. KENNEDY. The fact that they paid per capital tax on those members does not necessarily mean they have that great a membership.

The CHAIRMAN. Well, that is the most they would have. I assume that the international would try to see that they paid the tax on the correct membership.

Senator CAPEHART. Are those employers or employees?

The CHAIRMAN. Both.

That represents both employers and employees?

Mr. CONSTANDY. Yes, that represents employees. However, included among them are self-employed operators that are both employers and their own employees.

Mr. KENNEDY. It represents both, then, employees and employers?

Mr. CONSTANDY. Yes.

Mr. KENNEDY. I want to ask about who signed the AAMONY contract.

Mr. CONSTANDY. We have a contract entered into the 28th day of January 1958. That is the one that was referred to earlier. It is between the United Coin Machine Operators of New York, Inc., and the Automatic Coin Vending Machine Employees, Local 266. This contract was signed by Eugene Jacobs, as president of United Coin, and by Joseph DeGrandis, president of 266.

I call your attention to the fact that the contract contains within the center fold, the second contract which provides for the payment to the union by the employer of the charge for the labels for each of the machines on location by the employer.

In the case of this contract signed with United Coin, that portion of the contract has not been signed.

The CHAIRMAN. This contract may be made exhibit 40, for reference only.

(Document referred to was marked "Exhibit No. 40" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. The significance is that the contract entered into the 15th day of May 1958, between the Associated Amusement Machine Operators of New York and local 266, which is signed by Mr. DeGrandis as president of local 266, and by Sanford Warner, as president of the Associated Amusement Machine Operators of New York who, incidentally, is a member of the union himself—and while a member of the union he is still president of the operators' association and entered into a contract—the center fold portion of this contract, which again makes provision for payment to the union by the employer of the label charge, which is \$7.80 per year per machine on location, we find that the contract in this case has been signed and ratified by both parties to the original collective bargaining agreement. That wasn't the case with United Coin.

The CHAIRMAN. This last contract the witness testified to may be made exhibit No. 41 for reference.

(Document referred to was marked "Exhibit No. 41" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, I might point out that this contract shows the fiction of the label fees supposedly being paid by the employee, because even in the contract, this contract, it shows that the employer is making these payments to the union which, of course, per se, under the Taft-Hartley Act, would be illegal. Yet it is written into the contract.

Can you tell us anything about the pickets being sent out to the Caruso Restaurant, Mr. DeGrandis?

TESTIMONY OF JOSEPH DeGRANDIS, ACCOMPANIED BY COUNSEL, HARRY CLIFFORD ALLDER—Resumed

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This was an effort on behalf of Mr. Jacob to make Caruso's Restaurant keep his box in there so that they would not switch and bring in their own box?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This is an employer-operated and dominated and controlled union, is it not, Mr. DeGrandis?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Behind your efforts and the efforts of the employers which control the union, it is ultimately in the background of the

underworld characters of New York City to attempt to gain this control, is that right?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. You may stand aside.

The committee will stand in recess until 10:30 tomorrow morning.

(Members of the select committee present at time of recess: Senators McClellan and Capelhart.)

(Whereupon, at 4:12 p.m. the select committee recessed, to reconvene at 10:30 a.m., Wednesday, February 18, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, FEBRUARY 18, 1959

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman S. Willse, investigator; Walter de Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Ervin.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, this morning we are going into a new phase of the investigation, which involves New York City. It is in connection with the loading or factoring companies, and the first witness I would like to call in that connection is Mr. Charles Bernoff.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BERNOFF. I do.

TESTIMONY OF CHARLES BERNOFF, ACCOMPANIED BY COUNSEL, JACOB W. FRIEDMAN AND ABRAHAM POLLOCK

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BERNOFF. Charles Bernoff, 666 West End Avenue, New York. I am in the jukebox business.

The CHAIRMAN. Do you have counsel, Mr. Bernoff?

Mr. BERNOFF. I do.

The CHAIRMAN. Counsel, will you identify yourself, please.

Mr. FRIEDMAN. Jacob W. Friedman, 170 Broadway, New York.

Mr. POLLOCK. Abraham Pollock, 450 Seventh Avenue, New York.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Bernoff, you served as vice president of the Automatic Music Operators Association, known now as the Music Operators of New York?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY. You are president and sole stockholder of the Regal Music Co., Inc.?

Mr. BERNOFF. I respectfully decline to answer on the same ground previously stated.

Mr. KENNEDY. And Mr. Bernoff, you have run and operated a factoring company which makes loans? is that right?

Mr. BERNOFF. I respectfully decline to answer on the same ground previously stated.

Mr. KENNEDY. Now you are the third largest jukebox operator in New York City, are you not?

Mr. BERNOFF. I respectfully decline to answer on the same ground previously stated.

The CHAIRMAN. State your grounds, please.

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Miniacci, who is Mr. Frank Costello's friend, is No. 1; Mr. Breheney, about whom we have had testimony, is No. 2; and you are No. 3; is that not correct?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

Mr. KENNEDY. Mr. Chairman, in order to expedite the hearings, I would like to put the information that we have regarding Mr. Bernoff's background which leads up to the important situations that we will be going into this morning, and I would like to call a member of the staff as a witness.

The CHAIRMAN. All right.

Will you come around, please. Mr. Bernoff will remain on the witness stand and hear this testimony and the information we have against the witness, and his actions and conduct. He will be given the opportunity to deny it if he wants to deny it or if he wants to leave the record that he can't answer with respect to it except at the risk of possible self-incrimination, then, of course, he can leave the record that way.

All right, bring around your testimony.

Has this witness been sworn?

Mr. KENNEDY. No, Mr. Chairman.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILLSE. I do.

TESTIMONY OF SHERMAN S. WILLSE

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. WILLSE. My name is Sherman Willse. I reside in Long Island, New York City, and I am a member of the staff of this committee.

The CHAIRMAN. How long have you been a member of the staff, Mr. Willse?

Mr. WILLSE. Since June 4, 1957.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Let us get from Mr. Willse the background of Mr. Bernoff.

First, the businesses which Mr. Bernoff is interested in; would you give us that?

Mr. WILLSE. At the present time, Charles Bernoff is president of the Regal Music Co., Inc., operators of jukeboxes and game machines. He is also secretary-treasurer and a director of the Admiral Trading Corp., which is the factoring operation.

Mr. KENNEDY. The factoring operation is a group that makes loans; is that correct?

Mr. WILLSE. That is correct.

Mr. KENNEDY. He has also had an interest in the Belmont Factors, Inc.?

Mr. WILLSE. Yes, from 1949 to 1956, which was also a factoring company making the same type of loans as the Admiral Trading Corp.

Mr. KENNEDY. And the Vernon Hills Estates, Inc.

Mr. WILLSE. Yes; that was chartered in 1950, and it was engaged in the construction of private homes and real estate holdings, and it has been reported dormant since 1957.

Mr. KENNEDY. And the Broad Street Hickory Grill Corp.?

Mr. WILLSE. That was an operation of a bar and grill on Broad Street, Newark.

Mr. KENNEDY. Now, Mr. Chairman, we have an index to the various people who will be mentioned this morning, and it is rather an involved hearing and it gets into a great number of names. So we have made up an index that gives a little bit of background on each individual we will mention.

Could we have that placed in the record?

The CHAIRMAN. Have you prepared this list?

Mr. WILLSE. I did, sir.

The CHAIRMAN. Have you checked the information that you give after each name?

Mr. WILLSE. I have.

The CHAIRMAN. For the information of the committee and for reference, this list may be made exhibit No. 42.

(List referred to was marked "Exhibit No. 42" for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Now, I want to trace with you, Mr. Willse, the establishment of the jukebox business and the establishment of these factoring companies, and what do we find as the background of this jukebox distributorship that is owned and operated by Mr. Bernoff?

Mr. WILLSE. From our information, back during prohibition, the brother of Charles Bernoff, known as Jacob Bernoff or Jewey Cohen, with Dutch Goldberg, who has aliases of Henry Shomberg and Louie Pops; and Abraham Lichtenstein, better known as Augie, were engaged in a beer distributing business at the location very close to where the Regal Music Co., Inc., now is situated.

Mr. KENNEDY. That is L-i-c-h-t-e-n-s-t-e-i-n; is that right?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And is also known as Augie?

Mr. WILLSE. Yes. At that time, Jacob Bernoff and Augie Lichtenstein were close associates of Dutch Schultz. They were handling his beer in the distribution and getting it from the Yonkers Brewery, which was run by Schultz.

With repeal they continued the distribution of beer through legitimate companies for some period of time, and then finally the jukebox operation was started.

Mr. KENNEDY. At the same location?

Mr. WILLSE. In that same neighborhood.

Mr. KENNEDY. Was it the same place?

Mr. WILLSE. That I can't say. It was around the corner, I believe.

Mr. KENNEDY. And what was the name of that company?

Mr. WILLSE. The New Yorker Beer Co.

Mr. KENNEDY. What was the jukebox operation called?

Mr. WILLSE. Well, subsequently it came to be known as the Greater New York Amusement Co.

Mr. KENNEDY. Prior to that it was known as the New Yorker Beer Co.?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. They were distributing jukeboxes?

Mr. WILLSE. The Greater New York Amusement Co.

Mr. KENNEDY. What was the New Yorker Beer Co.? It was handling the beer, and then they changed and became the Greater New York Amusement Corp., which was operating jukeboxes; is that right?

Mr. WILLSE. That is correct.

Mr. KENNEDY. You mentioned Dutch Goldberg. Who was Dutch Goldberg?

Mr. WILLSE. He was a top mobster in New York connected with Dutch Schultz, and eventually the Lepke-Gurrah mob in the garment industry.

He has been arrested three times—grand larceny, homicide with dangerous weapon, and homicide.

Mr. KENNEDY. Did he have any convictions?

Mr. WILLSE. We don't have any convictions.

Mr. KENNEDY. Who were his associates?

Mr. WILLSE. His associates were Jacob Bernoff, Augie Lichtenstein, and others connected with the Dutch Schultz mob.

Mr. KENNEDY. And Abe Chait?

Mr. WILLSE. I believe he was.

Mr. KENNEDY. And Joe Adonis?

Mr. WILLSE. Yes; all of those.

Mr. KENNEDY. And Frank Costello?

Mr. WILLSE. The top mobsters in New York.

Mr. KENNEDY. And Meyer Lansky, also?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. What is his present occupation?

Mr. WILLSE. I don't know.

Mr. KENNEDY. He is a big influence in the garment industry?

Mr. WILLSE. That is our information; yes.

Mr. KENNEDY. On July 21, 1937, the Greater New York Amusement Co. had, according to our information, jukeboxes on a contract basis with approximately 100 bars and grills in New York City.

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. That was then bought out and registered in the name of the Regal Music Co., Inc.; is that right?

Mr. WILLSE. Yes; on August 31, 1937.

Mr. KENNEDY. Who were the ones who formed the Regal Music Co., Inc.?

Mr. WILLSE. Charles Bernoff, Lillian Gabaeff, and Jean Taylor.

Mr. KENNEDY. Lillian and Jean were there for their husbands; is that right?

Mr. WILLIS. That is right—for Murray Gabaeff and Edward Taylor.

Mr. KENNEDY. Who was Edward Taylor?

Mr. WILLSE. Edward Taylor, at the time of the formation of Regal Music Co., Inc., had several arrests, as did Gabaeff. His record at the present time consists of nine arrests. He has been connected with the operations of the Lepke-Gurrah mob, and Jacob Bernoff, who was one of the principals in that gang, and he was convicted with Gabaeff and Bernoff and Lichtenstein in a milk extortion racket in 1941.

Mr. KENNEDY. He has also been convicted of conspiracy, and he has been convicted of a conspiracy and extortion which I believe is the one you just mentioned; is that right?

Mr. WILLSE. Those two conspiracies, the first one was also a milk racket, and the second one was a racket where they extorted \$2.5 million in 5 years, in collusion with the Teamster officials of two locals in the area, in which they threatened to stop the delivery of milk in the metropolitan area.

Mr. KENNEDY. How much money were they supposed to have gotten out of that?

Mr. WILLSE. I believe it was \$2.5 million.

Mr. KENNEDY. Also involved in that was Jacob Bernoff?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And Jacob Bernoff is the brother of Charles Bernoff.

Mr. WILLSE. That is correct.

Mr. KENNEDY. And also Augie Lichtenstein, who was mentioned earlier?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. They were all convicted, were they?

Mr. WILLSE. They were.

Mr. KENNEDY. As well as some Teamster officials?

Mr. WILLSE. Yes; except that Lichtenstein's conviction was subsequently reversed.

Mr. KENNEDY. Who was Gabaeff?

Mr. WILLSE. Murray Gabaeff has a record of four arrests, and he was one of the starters of the jukebox operation along with Bernoff,

Jacob Bernoff, Taylor, and Lichtenstein. He is well known as a labor racketeer, along with the others.

Mr. KENNEDY. How many convictions does he have?

Mr. WILLSE. He has two convictions, and one for coercion and conspiracy, which is in connection with the milk racket of 1935, with Edward Taylor; and then the 1941 conspiracy and extortion, and he got 7½ to 15 in the State prison, and that was again with Taylor, and also the one in which Lichtenstein and Jewey Bernoff were involved.

Mr. KENNEDY. What about Jewey Bernoff; what is his background, this witness's brother?

Mr. WILLSE. Well, for years he has been regarded as one of the top associates of both Dutch Schultz and the Lepke-Gurrah mob. That is Louis Buchalter and Jacob Shapiro, who were the starters or originators of extortion and terrorizing in the garment area.

Jacob Bernoff, aside from his association with them, has been closely connected with many of the leading mobsters, particularly in the New York area; back as far as 1936 he was arrested with two men, one of them George Uffner who, through the years, has been very closely associated with Frank Costello.

Mr. KENNEDY. He is a major racket figure in New York City; is that right?

Mr. WILLSE. He is.

Mr. KENNEDY. He died in prison last year?

Mr. WILLSE. He died, I believe, in February of 1958, while serving a sentence on a Federal narcotics conspiracy.

Mr. KENNEDY. He has been convicted nine times?

Mr. WILLSE. He has had 12 arrests, and I don't have the convictions enumerated here.

Mr. KENNEDY. I believe that is there.

Mr. WILLSE. It is true—nine times.

The CHAIRMAN. Mr. Counsel, this list has been made an exhibit. It is now in evidence. It can be referred to from time to time as you interrogate witnesses. I do not know whether you want to go over all of it at this time or not.

Mr. KENNEDY. Jacob Bernoff was also indicted in connection with the candy kickback racket?

Mr. WILLSE. Yes. He was not indicted at that time. He was picked up for violation of parole in connection with it, and he was the head of the racket. He had set up a woman in Local 1115-C, Amusement Clerks and Concessionaire Employees Union, AFL, which was composed of 1,000 members.

They operated in this way: There were 17 charge men from whom they extorted money. The charge man operated the candy counter concession in grind movies, which are movies that play almost 24 hours a day. The grind men, in turn, had their aisle salesmen.

In some cases, the grind men had to kick back as much as 60 percent of their gross sales. The woman who Jake Bernoff said was his front in the union put the names of persons on the book of the union book who weren't actually members of the union. Most of them existed. In fact, there were 50 of them who were known bookmakers and gamblers and they willingly allowed their names to be used as they could use their names, in turn, as employment, if they were picked up for vagrancy or some other charge.

Mr. KENNEDY. These were the people who were the originators and the starters of this juke box operation?

Mr. WILLSE. Yes.

Mr. KENNEDY. At the same time, early in 1940, did Mr. Charles Bernoff, with the help and assistance of certain other individuals, begin loaning money out on a more intensified basis?

Mr. WILLSE. Yes, in the early 1940's.

Mr. KENNEDY. What companies were formed in order to handle that?

Mr. WILLSE. Well, the legitimate operations were the Regal Amusement Corp., which was started on June 6 of 1947 for the purpose of handling slot machines, cigarette machines, automatic vending machines and amusement machines and devices, was then changed in June of 1948 to the Admiral Trading Corp.

They changed the name and changed the operation. The Admiral Trading Corp. was being used as a factoring company to make loans.

Mr. KENNEDY. Who was treasurer of this Admiral Trading Corp.

Mr. WILLSE. Actually, the treasurer was Helen Mishel. She was acting as a front for Irving Mishel.

Mr. KENNEDY. Who was the president?

Mr. WILLSE. Bernard Linn was the president.

Mr. KENNEDY. L-i-n-n; is that right?

Mr. WILLSE. Right.

Mr. KENNEDY. And Charles Bernoff was the secretary-treasurer and a director; is that right?

Mr. WILLSE. Correct.

Mr. KENNEDY. And they made loans, did they not?

Mr. WILLSE. They made loans mainly to locations where their juke-boxes and game machines were placed.

Mr. KENNEDY. Do we have information that they also were making loans to major racketeers and hoodlums?

Mr. WILLSE. We have.

Mr. KENNEDY. That gives just the brief background, Mr. Chairman. Now I would like to call another witness in connection with the loans that were made.

I would like to have Mr. Bernoff step down and call another witness in his place.

The CHAIRMAN. Just a moment.

Do you want to make any comments on this testimony so far?

Mr. BERNOFF. I respectfully decline to answer on the same grounds previously stated.

The CHAIRMAN. You think if you discussed it, it might incriminate you?

Mr. BERNOFF. It may.

The CHAIRMAN. All right. Stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mr. Irving Mishel.

The CHAIRMAN. Come forward, please.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MISHEL. I do, sir.

TESTIMONY OF IRVING MISHEL

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. MISHEL. Irving Mishel, Forest Hills, N.Y.; finance business.

The CHAIRMAN. You have counsel, do you, Mr. Mishel?

Mr. MISHEL. I do, sir, but he is not here right now.

The CHAIRMAN. Where is your counsel? Do you waive counsel?

Mr. MISHEL. Yes, sir.

The CHAIRMAN. I asked if you had counsel. I meant do you have counsel present here today?

Mr. MISHEL. No, sir.

The CHAIRMAN. Do you waive counsel?

Mr. MISHEL. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Mishel's testimony is of considerable importance, Mr. Chairman, in developing the facts that we are interested in today. Mr. Mishel does not have a good background. In fact, he is in prison at the present time. Often, as you know, it is important, in order to obtain information, if we are going to obtain information, to obtain it from people who we would not ordinarily want to depend upon as far as their reliability and veracity.

However, we have spent a considerable amount of time with Mr. Mishel. In addition to giving us the information, he has furnished us certain books and records and papers. We have found that the testimony or the information that he has given us we have been able to verify through independent means.

It was only after this long and tedious investigation and spending a great deal of time with Mr. Mishel that a decision was reached that we could use him today and have him testify.

We will call a witness shortly who will go into detail into some of the matters that Mr. Mishel is going to testify to.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. You were born in Brooklyn in May of 1922, Mr. Mishel?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You were left an orphan at the age of 5, and raised by an aunt and an uncle; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You attended high school for a while?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You were the youngest of five children?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And you were married in 1945; is that right?

Mr. MISHEL. That is right.

Mr. KENNEDY. You have two children; is that right?

Mr. MISHEL. That is right.

Mr. KENNEDY. On March 6, 1945, you received a suspended sentence; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. That was your first conviction?

Mr. MISHEL. I believe so.

Mr. KENNEDY. What was that for? What was that in connection with?

Mr. MISHEL. I believe it was something to do with the Sullivan law, a blackjack.

Mr. KENNEDY. You hit somebody with a blackjack?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And then there was a conspiracy charge made against you in May of 1945, and you were discharged. Then in October of 1952 you were indicted, or there was a warrant issued against you in Connecticut; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. What was that in connection with?

Mr. MISHEL. In connection with a bank loan. I tried to secure some money from a bank.

Mr. KENNEDY. In what way?

Mr. MISHEL. By giving them some statements which were fraudulent.

Mr. KENNEDY. And that is still outstanding, is it?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Then in January 1951 you were indicted for forging and transporting stolen bonds; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Let me see. On January 19, 1953, you received a sentence of 10 to 20 years in the general sessions court in New York County?

Mr. MISHEL. That is correct.

Mr. KENNEDY. Was that in connection with the stolen bonds?

Mr. MISHEL. No. Those were stock certificates.

Mr. KENNEDY. What had you done with the stock certificates?

Mr. MISHEL. Hypothecated them, tried them, put them through some bank.

Mr. KENNEDY. What about the transportation of the stolen bonds? What happened about that that case? Did you plead guilty to that?

Mr. MISHEL. Was that in the western district of Virginia?

Mr. KENNEDY. Yes. And I understand also in New York City.

Mr. MISHEL. There were two cases.

Mr. KENNEDY. The western district of Virginia and in New York City?

Mr. MISHEL. Yes. There was two different ones.

Mr. KENNEDY. You pled guilty to that, did you?

Mr. MISHEL. On the one in western Virginia, I pled guilty in New York under rule 20 to cover Virginia.

Mr. KENNEDY. And you received a sentence?

Mr. MISHEL. Of 5 years.

Mr. KENNEDY. Of 5 years?

Mr. MISHEL. Correct.

Mr. KENNEDY. What happened on that case? Do you still have to serve that?

Mr. MISHEL. No, sir.

Mr. KENNEDY. What happened?

Mr. MISHEL. Subsequently that sentence was set aside and I received 1 day's probation.

Mr. KENNEDY. Was that because of your cooperation in certain cases?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Or in connection with cooperation that you rendered in certain Federal cases?

Mr. MISHEL. Certain cases.

Mr. KENNEDY. How much have you served in your 10 to 20 years?

Mr. MISHEL. Six years three months.

Mr. KENNEDY. One of those who testified against you and one of those chiefly responsible for your receiving the sentence and being found guilty was Mr. Charles Bernoff; is that right?

Mr. MISHEL. He was the main one.

Mr. KENNEDY. He was the main witness against you?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You had long been a friend and associate of Mr. Bernoff; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And you had been a close friend and had worked with him for a number of years?

Mr. MISHEL. Yes, sir.

The CHAIRMAN. Do you mean this same Bernoff that was the witness here who takes the fifth amendment on everything is the one who prosecuted you?

Mr. MISHEL. He testified against me.

The CHAIRMAN. He testified against you?

Mr. MISHEL. Yes, sir.

The CHAIRMAN. He didn't take the fifth then?

Mr. MISHEL. I don't think he did. I got the time.

The CHAIRMAN. If we send anybody around to investigate him a little, he takes the fifth amendment.

All right. Proceed. I just wanted to keep the thing in balance as we go along.

Mr. KENNEDY. The people found guilty with you were Louis Blumenthal?

Mr. MISHEL. One-arm Louie; yes.

Mr. KENNEDY. He was found guilty of conspiracy. Harry Gottlieb?

Mr. MISHEL. Harry the Hawk, are you talking about?

Mr. KENNEDY. Harry the Hawk. Is he prominent in drugs also?

Mr. MISHEL. Yes. He has been convicted many times.

Mr. KENNEDY. What about Blumenthal? Is he a bookmaker?

Mr. MISHEL. Well, bookmaker and I understand he was convicted for either narcotics or gambling besides.

Mr. KENNEDY. And Sonya Lang?

Mr. MISHEL. Sonya Lang.

Mr. KENNEDY. What is she?

Mr. MISHEL. She was living with Harry the Hawk. I don't know too much about her.

Mr. KENNEDY. She was found guilty of conspiracy. Irving Rosenberg—who is he?

Mr. MISHEL. Cockeyed Mickey?

Mr. KENNEDY. Cockeyed Mickey. What about him? He was found guilty also in this case?

Mr. MISHEL. Yes, sir. I believe they all pleaded guilty, sir.

Mr. KENNEDY. And Fred Schatzberg, he was found guilty?

Mr. MISHEL. He pleaded guilty.

Mr. KENNEDY. What is his name?

Mr. MISHEL. Fat Freddy.

The CHAIRMAN. Fat Freddy?

Mr. MISHEL. Yes, sir. He is a heavy-set boy.

Mr. KENNEDY. And Samuel Friedman?

Mr. MISHEL. Sam Friedman?

Mr. KENNEDY. Yes. He was found guilty. And then Irving Nitzberg.

Mr. MISHEL. Knadles.

Mr. KENNEDY. How do you spell that?

Mr. MISHEL. I think it is K-n-a-d-l-e-s.

Mr. KENNEDY. He was found guilty of attempted grand larceny in the second degree; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. He is a close associate of yours? He was the closest to you, Knadles?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Could you give us a little about his background? He is somebody you had grown up with and were in business with a number of times?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You were loaning money together, you and Knadles?

Mr. MISHEL. Yes.

Mr. KENNEDY. Is Knadles the one who has been in the deathhouse at Sing Sing twice?

Mr. MISHEL. That is the same man; yes, sir.

Mr. KENNEDY. What is his background? What happened as far as Sing Sing is concerned? How did he get out of there?

Mr. MISHEL. I believe that there was no cooperation. The co-defendants' testimony was not binding.

Mr. KENNEDY. Then the chief witness was thrown out the window?

Mr. MISHEL. Yes; that is correct.

Mr. KENNEDY. Abe Reles?

Mr. MISHEL. That is correct.

Mr. KENNEDY. So the Government had to dismiss the case?

Mr. MISHEL. The State.

Mr. KENNEDY. And he was also considered to be responsible for killing Plug Shuman?

Mr. MISHEL. That I don't know, sir.

Mr. KENNEDY. You don't know whether he killed him or not?

Mr. MISHEL. I don't.

Mr. KENNEDY. Shuman, I guess. S-h-u-m-a-n, I guess. Did you know Plug Shuman? Did you know him?

Mr. MISHEL. No, sir.

Mr. KENNEDY. He is the one that is supposed to have squealed on the Lepke-Gurrah mob.

Mr. MISHEL. I don't know.

Mr. KENNEDY. What does Knables stand for?

Mr. MISHEL. That is the Jewish word, I think, for matzo balls.

Mr. KENNEDY. He is still active; is he?

Mr. MISHEL. Yes, sir; I believe so.

Mr. KENNEDY. He is in the garment area?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. He is an active figure there, is he not, at the present time?

You had been the principal in a number of companies, had you not? You had set up a number of companies during your career?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Berkshire Wine & Liquor Store, Mishel Wine & Liquor Corp. Then you were in the Admiral Trading Corp., Belmont Factors?

Mr. MISHEL. I was never in Admiral Trading. My wife was in it.

Mr. KENNEDY. You were in it through your wife?

Mr. MISHEL. Yes. My wife was.

Mr. KENNEDY. How about Belmont Factors?

Mr. MISHEL. No, I was not.

Mr. KENNEDY. Did you have anything to do with them?

Mr. MISHEL. Well, the same people that were in with us were in Belmont Factors.

Mr. KENNEDY. Zenith Associates?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And Mishel Associates?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Lexington Business Brokers?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And MacJay Realtors Corp.

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. What was your primary source of income as you were growing up?

Mr. MISHEL. Bookmaking.

Mr. KENNEDY. In the Mishel Associates, who was your partner in that?

Mr. MISHEL. A fellow named Charles Anthony Joseph McLaughlin.

Mr. KENNEDY. What is his background?

Mr. MISHEL. Well, I think he has one conviction for highjacking.

Mr. KENNEDY. He is the husband of Catherine McLaughlin?

Mr. MISHEL. Yes. Kitty is the wife.

Mr. KENNEDY. She had been married to Legs Diamond?

Mr. MISHEL. I believe that is correct.

Mr. KENNEDY. Mishel Associates was also making loans?

Mr. MISHEL. Yes, small loans.

Mr. KENNEDY. Who would those loans go to? Tavern owners?

Mr. MISHEL. Mostly tavern owners.

Mr. KENNEDY. What about the Herald Capital?

Mr. MISHEL. Herald Capital Corp.?

Mr. KENNEDY. Yes.

Mr. MISHEL. That was a money-lending corporation.

Mr. KENNEDY. Were you in there, too?

Mr. MISHEL. Yes. Joseph Paige and myself.

Mr. KENNEDY. P-a-i-g-e?

Mr. MISHEL. Yes. He is a lawyer.

Mr. KENNEDY. What is his background?

Mr. MISHEL. He is a lawyer.

Mr. KENNEDY. What else is there about him?

Mr. MISHEL. I understand he was arrested out in Queens for conspiracy to rob a safe.

Mr. KENNEDY. Is there anything else about him? Did Jewey Bernoff have an interest in that company?

Mr. MISHEL. Charlie and Jewey were partners of ours.

Mr. KENNEDY. And that was loaning money to these taverns?

Mr. MISHEL. Not only that. We were lending other people besides taverns.

Mr. KENNEDY. How about the Lee-Craw Co.?

Mr. MISHEL. Lee-Craw was a company that we were importing and exporting electrical appliances.

Mr. KENNEDY. Who were you in that company with?

Mr. MISHEL. William Cooper, Bill Cooper.

Mr. KENNEDY. Who is William Cooper?

Mr. MISHEL. Bill is some fellow I met through Charlie and Jacob Bernoff.

Mr. KENNEDY. What was his background? I want to get these backgrounds into the record. When I ask what their background is, you know what their background is, so will you go ahead and we will go ahead to the next question.

What is William Cooper's background?

Mr. MISHEL. Well, I think he was arrested for using the mails to defraud.

Mr. KENNEDY. He got 5 years for that?

Mr. MISHEL. I believe so.

Mr. KENNEDY. Then his brother is who?

Mr. MISHEL. Calman Cooper.

Mr. KENNEDY. Who is he?

Mr. MISHEL. He was one of the Reader's Digest killers who went to the chair.

Mr. KENNEDY. His brother had gone to the electric chair?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. In about 1940, you became associated with Charlie Bernoff?

Mr. MISHEL. In the early 1940's.

Mr. KENNEDY. How did you happen to get associated with him? Would you relate that to the committee?

Mr. MISHEL. Well, I know Charlie through Murray Gabaeff's son, Jackie Gabaeff.

Mr. KENNEDY. Who was Murray Gabaeff?

Mr. MISHEL. Murray Gabaeff and Charlie and Jewey and Augie are partners.

Mr. KENNEDY. Murray Gabaeff and Jewey had been sentenced in the milk extortion racket?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And you knew them, you had been brought up in the neighborhood with them?

Mr. MISHEL. Yes.

Mr. KENNEDY. So you had made a considerable amount of money from bookmaking in your early teens or late teens?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Did he suggest at that time, Charlie Bernoff, that you start loaning money?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Would you relate to the committee what you did when you went in and started loaning money?

Mr. MISHEL. I lent cash.

Mr. KENNEDY. You started loaning cash?

Mr. MISHEL. That is right.

Mr. KENNEDY. Was it shylocking?

Mr. MISHEL. Well, I consider it shylocking.

Mr. KENNEDY. How do you describe shylocking?

Mr. MISHEL. Well, if you lend somebody money at illegal rates of interest.

Mr. KENNEDY. That is shylocking? How would you arrange that?

Mr. MISHEL. Well, if somebody, a bookmaker or somebody wanted \$10,000, we would lend him \$10,000 for \$12,000; \$1,000 a week for 12 weeks.

Mr. KENNEDY. He would have to repay you in a period of 12 weeks.

Mr. MISHEL. Yes.

Mr. KENNEDY. You would advance him \$10,000 in cash, and he would pay you \$12,000 back in the course of 12 weeks?

Mr. MISHEL. That is correct, sir.

Mr. KENNEDY. And you went actively into this business; is that right?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Were you also loaning money to taverns?

Mr. MISHEL. Here and there; not too much.

Mr. KENNEDY. Did he suggest at that time that you get into the coin-operating machine business, jukeboxes?

Mr. MISHEL. In the cigarette machine business.

Mr. KENNEDY. Was he in the cigarette machine business?

Mr. MISHEL. I think he had some machines.

Mr. KENNEDY. Did you go to work in the cigarette machine business?

Mr. MISHEL. I did.

Mr. KENNEDY. Did you invest in some company?

Mr. MISHEL. Yes, sir; I did.

Mr. KENNEDY. How much did you invest?

Mr. MISHEL. I can't be sure.

Mr. KENNEDY. Approximately how much did you invest?

Mr. MISHEL. Between \$15,000 and \$20,000.

Mr. KENNEDY. What company did you invest it in?

Mr. MISHEL. Aaron Garsh has a cigarette place. I think it is called Supreme Cigarette Service, up in New Rochelle, N.Y.

Mr. KENNEDY. What did you do for them?

Mr. MISHEL. I became a collector, servicing the cigarette machines, filled the cigarettes.

Mr. KENNEDY. You traveled around?

Mr. MISHEL. Well, I took care of part of a route.

Mr. KENNEDY. Did you find you were able to pick up a little extra money that way?

Mr. MISHEL. Yes.

Mr. KENNEDY. How would you do that?

Mr. MISHEL. Well, we used to do it by clipping the pennies.

Mr. KENNEDY. How would you clip the pennies?

Mr. MISHEL. You would knock them out of the cigarette packs.

Mr. KENNEDY. You would take a penny out of every cigarette pack?

Mr. MISHEL. Not every one, but practically.

Mr. KENNEDY. When would you take them out?

Mr. MISHEL. We would take them out before we put them into the cigarette machines. Fellows, when they buy cigarettes at 3 or 4 in the morning are mostly drunks. They don't worry.

Mr. KENNEDY. Did you have a bucket?

Mr. MISHEL. We would use a half case of cigarettes, and throw them in. It used to pay for the gas and oil of the car; it paid those.

Mr. KENNEDY. What methods did you use to get the machines established; that is, to get the machines set up in these locations?

Mr. MISHEL. Well, lend them money.

Mr. KENNEDY. Would that be a legitimate loan?

Mr. MISHEL. Well, sometimes legitimate; sometimes illegitimate. It is according.

Mr. KENNEDY. Then you would tell them that you would foreclose on them unless they kept your machine in there?

Mr. MISHEL. Well, if Charlie had the jukebox in there and they wanted to throw his box out, tell them, "We will foreclose on you. If you throw his box out, you go out of business."

Mr. KENNEDY. Did you get some machines from Joe Adonis?

Mr. MISHEL. Did I get? No, sir.

Mr. KENNEDY. Did the company buy some machines from Joe Adonis?

Mr. MISHEL. I believe that Harold Vending, that was the second cigarette company I went to work for, bought some machines from Joe.

Mr. KENNEDY. That was around the bus terminal and the Todd Shipyard; in that area?

Mr. MISHEL. Most of them were in the Brooklyn area.

Mr. KENNEDY. In Charlie Bernoff's company, had his brother, Jewey Bernoff, and Gabaeff been around getting locations for him?

Mr. MISHEL. Well, at one time Jewey wasn't there. He was in jail.

Mr. KENNEDY. Well, prior to that had they been?

Mr. MISHEL. Well, prior to that I don't know.

Mr. KENNEDY. When they were in jail, had they been losing locations?

Mr. MISHEL. Yes. Charlie, I understand, went down to about 180-190 jukeboxes.

Mr. KENNEDY. From how many? How many did he have prior to that?

Mr. MISHEL. About 400-and-some-odd.

Mr. KENNEDY. Was he able to get them back, then?

Mr. MISHEL. Yes; eventually he got them back.

Mr. KENNEDY. How did he get them back?

Mr. MISHEL. Well, through me, through Knadles, through other people.

Mr. KENNEDY. How would you get them back?

Mr. MISHEL. Well, if they wouldn't give them the jukebox, if we had a loan in the place, we would tell them we were going to foreclose.

Mr. KENNEDY. And was Knadles and Jewey Bernoff well known in that area?

Mr. MISHEL. Yes.

Mr. KENNEDY. And was it known about their racket connections and the fact that they had certain terms themselves?

Mr. MICHEL. Yes.

Mr. KENNEDY. Was that a factor in getting these locations back?

Mr. MICHEL. That was the main factor.

Mr. KENNEDY. Were people scared of them?

Mr. MICHEL. I would say so.

Mr. KENNEDY. Were they also known to have the backing of, for instance, Hymie Segal?

Mr. MICHEL. I know that Jewey and Charlie were very friendly with Hymie Segal.

Mr. KENNEDY. Who is Hymie Segal?

Mr. MICHEL. I don't know too much about him personally.

Mr. KENNEDY. He is known as a killer's killer?

Mr. MICHEL. I would say so.

Mr. KENNEDY. He is a gunman, is he?

Mr. MICHEL. I would say so.

Mr. KENNEDY. He is one of those who was giving backing to this company?

Mr. MICHEL. Yes, sir.

Mr. KENNEDY. Max Courtney?

Mr. MICHEL. Courtney is a bookmaker.

Mr. KENNEDY. What is Hymie Segal's other name?

Mr. MICHEL. I think they call him Red Hymie or Crazy Hymie, either one or the other.

Mr. KENNEDY. Is it also known that Meyer Lansky was close to this group?

Mr. MICHEL. Very friendly with Charlie and Jewey, I know that.

Mr. KENNEDY. You started your cash loaning businesses in about 1942-43; is that right?

Mr. MICHEL. Some time around in there.

Mr. KENNEDY. And was this the shylock operation that started about that?

Mr. MICHEL. That was the cash business, the shylock.

Mr. KENNEDY. And this continued until you went to prison; is that right?

Mr. MICHEL. Well, just shortly before. About a year before.

Mr. KENNEDY. And many millions of dollars were loaned?

Mr. MICHEL. Many, many, many.

Mr. KENNEDY. How did you happen to set up the Admiral Trading Corp. in 1947?

Mr. MICHEL. Well, Charlie was sick and tired of lending people money in the jukebox business without getting any interest on it, so he had met Cockeye Mickey.

Mr. KENNEDY. Mickey Rosenberg?

Mr. MICHEL. Yes. They talked about getting a legitimate money-lending operation going. So we opened the Admiral Trading Corp.

Mr. KENNEDY. Who set that up for you?

Mr. MICHEL. Well, Joe Paige became the lawyer. I suggested that Joe be the lawyer.

Mr. KENNEDY. He is the attorney that you discussed earlier?

Mr. MICHEL. Yes. And Charlie and I were the principals.

Mr. KENNEDY. Did you have your wife fronting for you?

Mr. MISHEL. Yes. My wife fronted for me and Betty fronted for Charlie.

Mr. KENNEDY. Did you invest some money in it?

Mr. MISHEL. Yes, I did.

Mr. KENNEDY. Did you get a line of credit, then, at a bank?

Mr. MISHEL. I think we got a \$300,000 unsecured line of credit at the National Safety Bank & Trust Co.

Mr. KENNEDY. You were able to get that by making gifts to two of the bank officials?

Mr. MISHEL. Yes. We did make some gifts.

Mr. KENNEDY. Considerable gifts?

Mr. MISHEL. Well, one, I built him a porch on his house, and the other I gave a brand new Cadillac.

Mr. KENNEDY. Were you able to account for the money yourselves, or did you have it put up in fictitious names?

Mr. MISHEL. Well, it seems I could account for some money through my wife, where Charlie couldn't account for anything. So he got people to put money in and we would give them the cash back.

Mr. KENNEDY. Did you get Benny Sugarman to put money in?

Mr. MISHEL. I don't know who Charlie got to put the money in, but there was some people.

Mr. KENNEDY. Did you know Benny Sugarman?

Mr. MISHEL. No, I don't know Benny Sugarman at all.

Mr. KENNEDY. How about Irving Krakower, \$10,000?

Mr. MISHEL. Is that Buster?

Mr. KENNEDY. Who is Buster Krakower?

Mr. MISHEL. I know Buster Krakower. It probably is the same person.

Mr. KENNEDY. Who is he?

Mr. MISHEL. He is a money lender.

Mr. KENNEDY. Has he got a record?

Mr. MISHEL. I don't know. Perhaps.

Mr. KENNEDY. Did you proceed then to loan money not only through this company, through the help and assistance of this company, but through your shylocking operations in cash? Did you proceed then to loan money to some of the leading underworld figures in the north-eastern section of the country?

Mr. MISHEL. I would say "Yes."

Mr. KENNEDY. People who were involved in gambling, in prostitution, people who were involved in burglaries, people who had been accused of murder?

Mr. MISHEL. Yes.

Mr. KENNEDY. And to some extent, there were individuals who received money who were involved in narcotics?

Mr. MISHEL. That is where I drew the line.

Mr. KENNEDY. But you know that some of this money went to them?

Mr. MISHEL. Now I know. But at that time I didn't.

Mr. KENNEDY. Some of the money, you learned later through conversations, some of this money went to finance some of the narcotics operations in the New York City area?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. You say that you would loan money to any kind of an operation, whether it be prostitution, gambling?

Mr. MISHEL. It don't make no difference. Money is money.

Mr. KENNEDY. Anything but narcotics?

Mr. MISHEL. That is right.

Mr. KENNEDY. Why wouldn't you loan money to them?

Mr. MISHEL. I just got an aversion against it.

Mr. KENNEDY. You wouldn't loan money along those lines?

Mr. MISHEL. No.

Mr. KENNEDY. But some of the money did go to narcotics figures.

Mr. MISHEL. I understand it did.

Mr. KENNEDY. I would like to go through some of these people that received some of the money, and some of the amounts and the rate of interest that you charged them.

Do you remember a man by the name of John Bananas, David August?

Mr. MISHEL. Yes.

Mr. KENNEDY. Who is David August?

Mr. MISHEL. That is John Bananas.

Mr. KENNEDY. He is also known as John Bananas?

Mr. MISHEL. That is correct.

Mr. KENNEDY. Do you know what he does; what his background is?

Mr. MISHEL. John is a bookmaker.

Mr. KENNEDY. And he is a partner of Little Harry Gross in the Cannon Trucking Co.?

Mr. MISHEL. Yes.

Mr. KENNEDY. Did you know a man in connection with that by the name of John Cafiero?

Mr. MISHEL. That was a stiff account of John Bananas.

Mr. KENNEDY. What do you mean by a "stiff" account?

Mr. MISHEL. A phony account we had set up.

Mr. KENNEDY. This is a very complicated operation. I would like to call another witness to give the background of David August.

The CHAIRMAN. Have you been sworn?

Mr. O'BRIEN. No, sir.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'BRIEN. I do.

TESTIMONY OF THOMAS O'BRIEN

The CHAIRMAN. State your name, your residence, and your present position of employment.

Mr. O'BRIEN. My name is Detective Thomas O'Brien. I reside at Staten Island, N.Y. I am assigned to the New York City Police Department, the criminal intelligence squad.

The CHAIRMAN. How long have you been with the New York police squad?

Mr. O'BRIEN. Approximately 15½ years.

The CHAIRMAN. All right. You have been on assignment to this committee, have you?

Mr. O'BRIEN. Yes, sir, I have.

The CHAIRMAN. For how long?

Mr. O'BRIEN. For about 6 months.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Do you have some information on the background of David August?

Mr. O'BRIEN. Yes, sir, I do. David August has an alias of John Bananas and Sam Cohen. He is an associate of Harry Gross, who was convicted for large scale bookmaking in New York City. In fact, at the present time—I think the case is going before the grand jury today in Brooklyn, N.Y.—he is held as a material witness in a similar bookmaking case, and he is on bail at \$100,000.

Mr. KENNEDY. He is out on bail at \$100,000?

Mr. O'BRIEN. Yes, sir.

Mr. KENNEDY. That is the case where these individuals were just arrested over the period of the last week; is that right?

Mr. O'BRIEN. Yes, sir.

Mr. KENNEDY. That was in connection also with certain police officials?

Mr. O'BRIEN. Yes, sir; that is true. He has seven arrests. He has five convictions. Most of the convictions are for vagrancy, for policy, and for bookmaking.

TESTIMONY OF IRVING MISHEL—Resumed

Mr. KENNEDY. Can you tell us how much you loaned him, Mr. Mishel?

Mr. MISHEL. John Bananas?

Mr. KENNEDY. Yes.

Mr. MISHEL. Untold thousands. It is hard to estimate.

Mr. KENNEDY. Well, can you say approximately?

Mr. MISHEL. Over the period of time that I knew John? Probably \$150,000. That was in small loans, you know.

Mr. KENNEDY. Small loans over a period of approximately 8 or 9 years?

Mr. MISHEL. No, I wouldn't say that long. Over a period of 4 or 5 years, maybe longer.

Mr. KENNEDY. We do not have all the records; is that right?

TESTIMONY OF SHERMAN S. WILLSE—Resumed

Mr. WILLSE. We do not.

Mr. KENNEDY. But he has kept certain records in connection with these loans?

Mr. WILLSE. Yes.

Mr. KENNEDY. We found that these records were kept not only by him but by Charles Bernoff?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And by other officers in the company?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. We have found and determined that in connection with the handwriting, have we?

Mr. WILLSE. Yes, we have.

The CHAIRMAN. When you say records kept by him, do you mean this witness?

Mr. WILLSE. Yes, sir, and also Charles Bernoff.

The CHAIRMAN. Mishel?

Mr. WILLSE. Yes, sir.

The CHAIRMAN. The records that you are going to refer to now were kept by Mr. Mishel and also Mr. Bernoff?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. But we have the records only for a limited period of time?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And we only have limited records; is that right?

Mr. WILLSE. That is correct.

Mr. KENNEDY. We do not have all the records even for that period of time?

Mr. WILLSE. No.

Mr. KENNEDY. What period of time are we going to be discussing?

Mr. WILLSE. Mainly 1949. There may be a very few in the latter part of 1948 or early 1950. But the large majority is in 1949.

Mr. KENNEDY. We do not have all the records?

Mr. WILLSE. No, sir.

Mr. KENNEDY. From the records that we do have, do we find that there are, in fact, loans to Johnny Bananas?

Mr. WILLSE. Yes. The records show that in 1949 there were two loans made to John Bananas for \$4,000 and \$1,500. The interest rate annually amounts to 70.87.

Mr. KENNEDY. Seventy percent interest?

Mr. WILLSE. Yes, sir.

The CHAIRMAN. Does the records show that he repaid the loans and paid the interest?

Mr. WILLSE. Part of records show that. We don't have complete records on it.

The CHAIRMAN. I mean as to these two loans that you are mentioning now?

Mr. WILLSE. We just have part of the records showing part repayment.

The CHAIRMAN. The records do show a partial repayment?

Mr. WILLSE. Yes, sir.

The CHAIRMAN. How much do you have there that the record shows was repaid on this total of \$6,500 principal?

Mr. WILLSE. That has not been estimated at this point, Senator.

The CHAIRMAN. You don't have that figure?

Mr. WILLSE. No, sir.

The CHAIRMAN. How do you arrive at the 70 percent interest? Where do you get that information? From the records?

Mr. WILLSE. Yes, sir. The records were kept by Mishel which show the date and amount of loan and the proposed repayments over a certain period. Based on an annual percentage, it comes to 70.87 percent.

The CHAIRMAN. In other words, he did make a record of the amount of the loan, of the understanding with respect to repayment and the amount of the repayment to be made?

Mr. WILLSE. That is correct.

The CHAIRMAN. Taking those and evaluating them, you find that the rate of interest being charged on the basis of the loan was around 70 percent?

Mr. WILLSE. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. And the records show that Johnny Bananas was associated with the Cannon Trucking Co.?

Mr. WILLSE. Yes.

Mr. KENNEDY. In fact, some of the money went to the Cannon Trucking Co.; is that right?

Mr. WILLSE. That is true.

Mr. KENNEDY. Also, from endorsements on the checks, we find endorsements on a check of a man by the name of I. Fine; is that right? Would you give us the information on I. Fine?

Mr. WILLSE. There was a check made out to I. Fine.

Mr. KENNEDY. A check from whom?

Mr. WILLSE. A check from Zenith Associates, which was the company of Irving Mishel, made out to I. Fine. Our information is that he is known as Two-gun Izzy Fine. He used to be a chauffeur for Mishel and at one time was associated with Fat Tony Salerno, who was a jukebox operator on the upper East Side of New York. That check to I. Fine is endorsed by him and counterendorsed with the name of Cafiero, which is the assumed name of David August or John Bananas.

Mr. KENNEDY. Now, Mr. Mishel, can you explain as simply as possible the situation regarding John Cafiero in the case of Johnny Bananas? What would you do as far as establishing this so-called stiff account?

TESTIMONY OF IRVING MISHEL—Resumed

Mr. MISHEL. We got a stiff account in the Industrial Bank.

Mr. KENNEDY. What led up to the establishment of the stiff account?

Mr. MISHEL. We had trouble, Charlie and I, collecting from John, and it seemed he couldn't pay, or he was going bad bookmaking, and so we told him we would give him a little breather, and a little spell, and he would have to pay us.

Mr. KENNEDY. Say, for instance, or give some imaginary figures, and say you loaned him \$10,000 and he was to pay you \$12,000 over a period of 12 weeks?

Mr. MISHEL. That is correct.

Mr. KENNEDY. Now the 12 weeks goes by and he is not able to pay you.

Mr. MISHEL. He has been paying us, but all of a sudden he stops.

Mr. KENNEDY. Let us assume he still owes you as of the time he stops, \$12,000, and you have loaned him \$10,000. What happens then?

Mr. MISHEL. Well, we sit down with John and we tell him that "We will try to make it as easy for you as possible."

So we ask him, "Do you think you can pay it in 6 months or 3 months, or a year?" And we give him a little moratorium.

Mr. KENNEDY. You give him until February 18, 1949?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Or 1959, rather?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. So what steps do you take then?

Mr. MISHEL. We have John open up this stiff account.

Mr. KENNEDY. In some bank?

Mr. MISHEL. In some bank.

Mr. KENNEDY. Under the name of John Cafiero?

Mr. MISHEL. That was the name he happened to want to use, for some reason.

Mr. KENNEDY. All right.

Mr. MISHEL. And we get a note of \$12,000.

Mr. KENNEDY. He gives you a note then, "IOU \$12,000."

Mr. MISHEL. We had our own notes, Admiral Trading had its own notes, for \$12,000, and we take the note and it was payable to Admiral Trading Corp., for \$12,000, due 1 year from the due date and the note for 6 percent interest.

Mr. KENNEDY. So then you take the note and you go to your bank where you have this account.

Mr. MISHEL. We take the note and we endorse the back of it, Admiral Trading Corp., and we get a discount sheet and we pledge it in the National Safety Bank against our line of credit, our unsecured line of credit, and that afternoon the bank would credit our cash account with \$12,000.

Mr. KENNEDY. That is the arrangement that you had with your own bank?

Mr. MISHEL. An unsecured line of credit.

Mr. KENNEDY. Where you paid off these two officials?

Mr. MISHEL. Yes, sir. We would also have John endorse the back of the check.

Mr. KENNEDY. He would give you a check?

Mr. MISHEL. We make a check for \$12,000 to John Cafiero.

Mr. KENNEDY. This was a legitimate operation, supposedly?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. This would make it appear on the books of Admiral Trading that you were actually loaning John Cafiero \$12,000?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Then you would have John Cafiero endorse it?

Mr. MISHEL. We would endorse the back of the check and he would endorse it, somebody in the office would say "OK for cash," either Benny or my wife, somebody who was authorized.

Mr. KENNEDY. Then you would take the check and you would cash it?

Mr. MISHEL. We have our \$12,000.

Mr. KENNEDY. You get your \$12,000?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. And then through the manipulation through the bank, the bank would have credited the Admiral Trading Co. with \$12,000?

Mr. MISHEL. That is right, and our loan account would owe him \$12,000 more.

Mr. KENNEDY. You were just defrauding the bank?

Mr. MISHEL. We were getting credit from the bank.

Mr. KENNEDY. From a phony account; is that right?

Mr. MISHEL. I would say that is correct.

Mr. KENNEDY. Then, in the meantime, Mr. Cafiero, when February 18, 1959, comes along, the bank he has established this account in, under John Cafiero, would come to him?

Mr. MISHEL. The note would be sitting there.

Mr. KENNEDY. And he would have to pay it on that date?

Mr. MISHEL. Plus 6 percent interest.

Mr. KENNEDY. So that the money then was going to be repaid, the \$12,000, even though he only got \$10,000, and the \$12,000 plus the 6 percent interest was going to be repaid to the Admiral Trading Co., and so you had gotten \$12,000 out of Admiral Trading Co., and they had gotten their \$12,000 back after a period of a year, and nobody was the wiser?

Mr. MISHEL. That is correct.

Mr. KENNEDY. And the bank, if there was a loss, the bank had stood in that position?

Mr. MISHEL. That is right.

Mr. KENNEDY. That is the general procedure that you use when somebody wouldn't pay up in time?

Mr. MISHEL. In some stiff accounts, yes.

Mr. KENNEDY. Do we have loans also to Little Harry Gross?

Mr. WILLSE. Yes.

Mr. KENNEDY. The bookmaker from Brooklyn?

Mr. WILLSE. Yes, and we have records that show four loans in 1949, totaling \$4,000. The interest on the four loans amounts to 47.26, 91 percent, 78 percent, and 104 percent.

Mr. KENNEDY. On the four loans?

Mr. WILLSE. Yes.

Mr. KENNEDY. Now, he is one of the most notorious bookmakers, is he not?

Mr. WILLSE. He is regarded as an important bookmaker, particularly in the Brooklyn area.

Mr. KENNEDY. Now, also did you loan money to William Axelrod, known as Willie Baker?

Mr. MISHEL. Willie Baker, I loaned money to.

Mr. KENNEDY. Who is he?

Mr. MISHEL. He had a gambling place on Ninth Street, and we used to loan him \$10,000 for \$12,000, payable \$600 or \$700 a week.

Mr. KENNEDY. Do we find any records showing they made loans?

Mr. WILLSE. Yes, there are two loans, one in the latter part of 1948, and another in 1949. The first was for \$10,000 and the second for \$6,200, and the interest rates show 28.86, and 69.89.

Mr. KENNEDY. And we have 16 Regal Amusement Corp. receipts made out to Willie Baker.

Mr. WILLSE. Yes.

Mr. KENNEDY. And we have some further evidence on those loans?

Mr. WILLSE. Yes.

Mr. KENNEDY. Could you tell me anything about Willie Baker?

TESTIMONY OF THOMAS O'BRIEN—Resumed

Mr. O'BRIEN. Willie Baker's right name is Axelrod, and he is a gambler associate of Meyer Lansky, and Sam "Red" Levine, and Champ Segal, and they are all prominent in the underworld gambling circles. He has approximately 12 arrests and was convicted 4 times—grand larceny, robbery, burglary, and disorderly conduct, and

on 2 occasions he was sentenced to State prison for a term of 3 to 10 years.

Mr. KENNEDY. What about David Karpf? Did you make a loan to him, K-a-r-p-f?

Mr. MISHEL. I believe I did.

Mr. KENNEDY. That was a loan again in cash?

Mr. MISHEL. Yes, a cash loan.

Mr. KENNEDY. What would these men need these loans for, these people are big gamblers and big racketeers?

Mr. MISHEL. I don't know what they needed them for, and we loaned them the money as long as they were good for it.

Mr. KENNEDY. What did you understand they needed it for?

Mr. MISHEL. For gambling, and they were in trouble, and other reasons.

Mr. KENNEDY. What do we know about that? Do we find in fact they made a loan?

Mr. WILLSE. The records that we do have show just one loan for \$500 with an interest rate of 104 percent.

Mr. KENNEDY. What do we know about David Karpf? How much money do you think you loaned to David Karpf?

Mr. MISHEL. Maybe \$4,000 or \$5,000; not too much.

Mr. KENNEDY. Over a period of time?

Mr. MISHEL. Over a period of time.

Mr. KENNEDY. What do we have on him?

Mr. O'BRIEN. He is actually a labor extortionist, and at the present time he is serving a 3-year sentence for extorting money from the union. He has been convicted with the business agent of the union while manager of local 102 of the ILGWU.

He has a brother, Charles, who is a bookmaker, who obtained the jewelry workers job, and in 1958 he was kicked out of local 296 of the AFL.

He was connected with the Textile Workers Union and he used that union as a front for shakedowns in the jukebox industry.

Charlie at one time was sentenced to 30 days for assault of a jukebox repairman who crossed one of the phony picket lines we were talking about previously.

At the present time, we have information that he may be an official of Local 598 of Upholstery Workers Union in Miami.

Mr. KENNEDY. I believe the record shows that they have lifted the charter on Mr. Karpf, and they found out about his record.

Now what about Samuel J. Kaufman, who is known as Petey Mack? Did you loan him money?

Mr. MISHEL. We shylocked him, and he was a shylock, and we used to lend it to him.

Mr. KENNEDY. What was his business?

Mr. MISHEL. Shylocking.

Mr. KENNEDY. He was shylocking himself?

Mr. MISHEL. Yes, sir, and we shylocked him.

Mr. KENNEDY. You shylocked him and he shylocked other people?

Mr. MISHEL. He shylocked somebody else.

Mr. KENNEDY. What do we find out about him?

Mr. WILLSE. Our records indicate loans at least of \$13,900. We weren't able to establish an interest rate in this case.

Mr. KENNEDY. What do we know about Petey Mack, M-a-c-k?

Mr. O'BRIEN. His right name is Sam Kaufman, and he is a good friend of Mickey Cohen, the leading gangster out on the Pacific coast, and also a good friend of Champ Segal, and a friend of the late Bugsy Siegel, who was murdered out on the coast, and he was convicted for larceny, pawning a \$6,000 diamond ring, and he paid for it with two bad checks.

Mr. KENNEDY. How about Augie Lichtenstein? Did you loan money to him?

Mr. MISHEL. We would lend Augie money, and Augie in turn would relend the money to customers he had.

Mr. KENNEDY. That was shylocking another shylock?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. What did you know about Augie Lichtenstein?

Mr. MISHEL. I know that Augie and Jewey and Murray were convicted together in the milk racket.

Mr. KENNEDY. The milk extortion racket?

Mr. MISHEL. Yes.

Mr. KENNEDY. What do we find as far as the loans to Augie Lichtenstein?

Mr. WILLSE. We find a total of five loans in 1949, amounting to \$5,600. The interest rates on four of the loans are 47.26 percent, and 43.31 on another loan.

Mr. KENNEDY. Do we find some of the money went to Alert Cleaning?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. Is that a company run by Augie?

Mr. WILLSE. Our information is that he has been connected with it. The receipts are made out, some of them, to Augie, with the name "Alert" in parenthesis, or Alert Cleaners with the name "Abe" in parenthesis.

Mr. KENNEDY. What do we know about him?

Mr. O'BRIEN. Little Augie is another well-known labor racketeer, and his arrests show associations with other big time mobsters like George Uffner, who is a close friend of Frank Costello, one of the biggest known racket names in New York City, and Eddie Taylor, and Murray Gabaeff. His association goes back to Murder, Incorporated, which was a group that was terrorizing the garment industry in its day.

He took part of the development of the Regal Music Co., coin-machine business, and he was part of that ring that extorted \$2.5 million from the milk industry, where they threatened farmers and dumped trucks and everything else, with the connivance of some of the local officials of the Teamsters Union.

Mr. KENNEDY. How about Charles Marcus?

Mr. MISHEL. Charlie is an accountant.

Mr. KENNEDY. He is an accountant?

Mr. MISHEL. CPA.

Mr. KENNEDY. Who is he an accountant for?

Mr. MISHEL. Some wise guys, and I don't know exactly.

Mr. KENNEDY. Who are the wise guys?

Mr. MISHEL. I don't know exactly their names.

Mr. KENNEDY. Do we have the wise guys he was an accountant for?

Mr. O'BRIEN. Well, he is accountant for Vincent Bruno, B-r-u-n-o.

Mr. KENNEDY. Who is he?

Mr. O'BRIEN. His right name is Vincent Mauro, and he is a big hoodlum in New York City, very closely associated with Tony Bender, who is also known as Anthony Strollo, connected with Vito Genovese. Kaplan himself has a number of aliases, Abe Kaplan, Marcus, Charles Karkusfalt, and he has four arrests and we don't know the convictions, but he has been arrested four times.

Mr. KENNEDY. How much money did he get?

Mr. WILLSE. The records show three loans totaling \$10,000, with interest rate of 30 percent, 75.92, and 65 percent.

Mr. KENNEDY. How about Harry Rimmer? Do you know him?

Mr. MISHEL. He was a friend of Charlie's, and I think that he had the riding place.

Mr. KENNEDY. Horseback riding?

Mr. MISHEL. I think so.

Mr. KENNEDY. What do we find about the loans?

Mr. WILLSE. There are three loans, in 1949, of \$300 each, with the same interest rate in each case, which was 173.16 percent.

Mr. KENNEDY. What do we know about Harry Rimmer?

Mr. O'BRIEN. He uses an alias of Harry Rathman, and he went to Elmira Reformatory for assault, and also arrested for rape. He operates a riding academy.

Mr. KENNEDY. Does he do anything other than run a riding academy now?

Mr. O'BRIEN. Not that we know of.

Mr. KENNEDY. How about Red Rosen? Do you make some loans to him?

Mr. MISHEL. Yes; we loaned Rosen some money.

Mr. KENNEDY. Who was he?

Mr. MISHEL. A guy from the garment center, and he was with some union.

Mr. KENNEDY. With some union.

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. Was he an associate of Johnny Dioguardi?

Mr. MISHEL. I believe so.

Mr. KENNEDY. Did you find any of the money that went to Rosen went in turn to Johnny Dioguardi's company, Rosemary Fashions?

Mr. MISHEL. I think one of the checks that Charlie and I issued was endorsed Rosemary Fashions.

Mr. KENNEDY. Which was Johnny Dioguardi's company?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. How much was that for?

Mr. MISHEL. I think that was a \$1,000 check.

Mr. KENNEDY. What were you loaning money to him for, and what was he doing?

Mr. MISHEL. I don't know exactly what he did with the money, but we loaned it to him.

Mr. KENNEDY. Well, it would appear that you were financing most of the gangsters and racketeers and underworld figures in New York City when they needed money.

Mr. MISHEL. I didn't ask them what they were doing with the money, and all I was interested in was whether the money was good.

Mr. KENNEDY. Who is Louie Rosen?

Mr. WILLSE. The record shows three loans in 1949, totaling \$2,925, with the interest rates on three loans, of 47.26 percent, 97.20 percent, and 65 percent. The receipts showing repayments of these loans are made out to Red Rosen, and in parentheses is the name "Rosemary Fashions." Rosemary Fashions was the manufacturer of house dresses, chartered prior to October of 1947 with Johnny Dioguardi as president. It has been inactive since 1950.

Mr. KENNEDY. What do we know about him?

Mr. O'BRIEN. He is known as Red Rosen, a bookmaker, and an associate of Johnny Dio, and seven arrests and six convictions, and one was for counterfeit money, and grand larceny, 6 months, and internal revenue, 9 months, and these four arrests for bookmaking.

Mr. KENNEDY. How about James Rutkin?

Mr. MISHEL. Jim Rutkin?

Mr. KENNEDY. Did you make a loan to him?

Mr. MISHEL. I believe we loaned him \$5,000.

Mr. KENNEDY. What do the records show?

Mr. WILLSE. The records show a loan of \$5,000 in 1949, interest rate 52 percent.

Mr. KENNEDY. What do we know about Rutkin?

Mr. O'BRIEN. Rutkin is one of the real big racketeers in the Pennsylvania area, a former bootlegger, and partner of Joe Adonis and Jerry Catena, who was at Apalachin, and Sal Morretti and Anthony Guarini. They had a large-scale gambling establishment. He was convicted of evading income tax on \$250,000, which he extorted from a former associate.

He was fined \$10,000 and he was sentenced to 7 years in jail. He is an associate of a lot of big-name racketeers, Frank Costello in New York, Longy Zwillman, one of the biggest racket men in Jersey, and Harry Stromberg, one of the biggest dope peddlers in the country, and Frankie Carbo, who was the behind-the-scenes man in all of those fights. In fact, Carbo is currently wanted by the district attorney's office in Manhattan.

Mr. KENNEDY. Speaking of Rosen, who is a major narcotics figure, did you make any loans to him?

Mr. MISHEL. I believe we made two loans to Nick Rosen.

Mr. KENNEDY. How much were they for?

Mr. MISHEL. I think \$10,000 for \$12,500, and either \$12,000 for \$15,000, or \$13,000 for \$16,000, and I am not sure.

Mr. KENNEDY. What was that for? What did you loan him money for?

Mr. MISHEL. He wanted some money.

Mr. KENNEDY. Did you ever find out what he used the money for?

Mr. MISHEL. Subsequently I found out.

Mr. KENNEDY. How did you find out?

Mr. MISHEL. That is when I started hollering about we weren't collecting.

Mr. KENNEDY. What did you find out?

Mr. MISHEL. It was used for some narcotic deal that blew up.

Mr. KENNEDY. Did he tell you that?

Mr. MISHEL. Yes, he did.

Mr. KENNEDY. What did he say about it?

Mr. MISHEL. He said, "Somehow or other the drugs were confiscated, and don't worry; you will get paid."

Mr. KENNEDY. He couldn't pay you on time?

Mr. MISHEL. No, he couldn't, but he said he would pay us. And, in fact, Charlie made a terrific effort to collect the money, but we were very unsuccessful.

Mr. KENNEDY. Did you ever collect from him?

Mr. MISHEL. No, as far as I know he hasn't collected.

Mr. KENNEDY. What do the records show?

Mr. WILLSE. The records in this case consist of an Admiral Trading Corp. check made out to Harry Stromberg for \$12,500, and on the back it has an "X" which we assume to be the spot for the endorsement. Underneath that it says, "OK cash, signed, Charles Bernoff."

Although the check is undated, a comparison of the number of the check, 3454, with other checks in our possession would indicate that it was issued sometime in 1950, which is about the time of the start of the narcotics conspiracy in which Nig Stromberg was implicated.

Mr. KENNEDY. He has been convicted, has he not?

Mr. WILLSE. Yes; he is doing time for it now.

Mr. KENNEDY. What do we know about him?

Mr. O'BRIEN. Well, Nig Rosen is one of the strong-arm men for the old Murder, Inc., mob and I would say he knows every major racketeer in the country and they know him. At the present time he is serving time and this was for smuggling \$20 million worth of narcotics into the United States from Europe.

The CHAIRMAN. How much?

Mr. O'BRIEN. \$20 million.

Mr. KENNEDY. Do we know what the interest was on that loan?

Mr. WILLSE. No, sir.

Mr. KENNEDY. Do we have some other records that would indicate what the interest was?

Mr. WILLSE. Yes, and certain notations made on a letter.

Mr. KENNEDY. Written by whom?

Mr. WILLSE. By Charles Bernoff.

Mr. KENNEDY. What does it show?

Mr. WILLSE. In the letter, after the text regarding the loans to Rosen—

Mr. KENNEDY. Who was the letter addressed to?

Mr. WILLSE. To "Dear Jay," which is one of the names that Jewey Bernoff was known by.

Mr. KENNEDY. His brother?

Mr. WILLSE. Yes, sir; and there is a handwritten notation beside the text which says "\$12,000, 6 percent in 2 years, 1,440."

Mr. KENNEDY. What would that mean? Do you have any idea if it is \$12,000 plus 6 percent in 2 years, \$1,440?

Mr. MISHEL. \$1,440 may have been some additional interest for carrying him for 2 additional years.

Mr. KENNEDY. But we don't have the interest beyond that?

Mr. WILLSE. No, sir.

Mr. KENNEDY. What do we know about Sol Vogel?

Mr. MISHEL. Charlie and I loaned him three or four loans.

Mr. KENNEDY. Who was he?

Mr. MISHEL. He is a bookmaker, and he had a bar and grill called Abe Attell's, on Broadway.

Mr. KENNEDY. What do we know about him?

Mr. WILLSE. One loan in 1948, for \$5,000, annual interest rate 52 percent.

Mr. KENNEDY. What do we know about him?

Mr. O'BRIEN. He was convicted in connection with slot machine operations, and he was also convicted for counterfeit trademark, and he is a bookmaker as far as we know.

Mr. KENNEDY. Harry Vogelstein—did you make a loan to him?

Mr. MISHEL. Yes, he was a lawyer.

Mr. KENNEDY. What do we know about him, Vogelstein?

Mr. O'BRIEN. He is a disbarred lawyer and he was connected with the Dutch Schultz policy racket, and that was the reason for having him disbarred, and he was connected with a company which turns out thousands of counterfeit Delco-Remy parts, and they were counterfeit parts they sent to South America, and there was quite a bit of information on it.

Mr. KENNEDY. Automobile parts?

Mr. O'BRIEN. Yes, and he had a connection with this William Cooper, a friend of Calman Cooper, who was sentenced and died in the electric chair for the Reader's Digest killing in Pleasantville, N.Y.

Mr. KENNEDY. What do we know about the loan to Vogelstein?

Mr. WILLSE. The evidence that we have shows that there is \$2,000 owed on a loan that was made to him.

Mr. KENNEDY. We don't know anything further about it?

Mr. WILLSE. No, sir; this information comes from a letter.

Mr. KENNEDY. The records that we have are far from complete.

Mr. WILLSE. That is correct.

Mr. KENNEDY. Spunky Weiss. Did you know him?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. How much money did you loan him?

Mr. MISHEL. I can't be sure of the exact amount.

Mr. KENNEDY. What do we find? What do the records show?

Mr. WILLSE. One loan in 1949 for \$1,600, annual interest rate 51.31 percent.

Mr. KENNEDY. Who was he?

Mr. O'BRIEN. Spunky Weiss is another one of the key members of Murder, Inc., and from that he graduated to garment racketeering, and as far as we know he may still be in the garment trucking in the area. He has been arrested 11 times, robbery with a gun, felonious assault, and he killed someone with an iron pipe, and he was convicted of that and sentenced to be executed and he was in the death house but subsequently given a new trial and the indictment was dismissed. He has one conviction out of 11 arrests.

Mr. KENNEDY. Sol Winkler. Did you loan him money?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. That was again cash?

Mr. MISHEL. Yes, sir.

Mr. KENNEDY. What do we find on him?

Mr. WILLSE. One loan in 1949, for \$2,000, annual interest rate 47.26 percent.

Mr. KENNEDY. What do we know about him?

Mr. O'BRIEN. Winkler is a bookmaker in the garment area of New York City, and he has four arrests, three for bookmaking, and he is a bookmaker.

Mr. KENNEDY. Benjamin Zuckerman?

Mr. MISHEL. Yes; that is Cockeyed Benny, and we loaned him a tremendous amount of money.

Mr. KENNEDY. How much money?

Mr. MISHEL. At one time, he owed us about \$75,000.

Mr. KENNEDY. What do we find?

Mr. WILLSE. The evidence, namely, a letter, shows evidently \$50,000 is still owed by Zuckerman.

Mr. KENNEDY. Do we know anything about him?

Mr. O'BRIEN. He was a big bootlegger and sentenced twice for illegal liquor, and a year and a day on each particular occasion, and he had horse rooms and he was arrested for assault, and nine arrests and four convictions.

Mr. KENNEDY. We don't know the interest rate on that?

Mr. WILLSE. No.

Mr. KENNEDY. How about Nicholas Bilangi?

Mr. MISHEL. I don't know anybody by that name.

Mr. KENNEDY. Bobby Blanche?

Mr. MISHEL. We made a loan to Bobby Blanche.

Mr. KENNEDY. What is the situation?

Mr. WILLSE. A loan of \$1,000, interest rate 47.26 percent annually.

Mr. KENNEDY. What is his background?

Mr. O'BRIEN. Well, we also know him as Bobby Blanche, and he was arrested for homicide and convicted of manslaughter in the first degree and he was sentenced to from 10 to 20 years in Sing Sing, and he was paroled after 7 years and he was picked up right after that for parole violation.

He has been arrested for grand larceny and malicious mischief, and he associates with Vincent Alo—"Jimmy Blue Eyes"—Frank Carbo, Frank Breheney, Harry Lanza, who is the brother of Socks Langa, the racketeer in the fish market district, and Frank Erickson, considered to be one of the biggest bookmakers in New York.

Mr. KENNEDY. Joseph Gantz. Did you make a loan to him?

Mr. MISHEL. Yes.

Mr. WILLSE. The record shows a loan of \$1,000 in 1949, at 65 percent interest.

Mr. KENNEDY. What do we know about him?

(At this point Senator McClellan left the hearing room and Senator Curtis entered the hearing room.)

Mr. O'BRIEN. Gantz has been arrested four times and he has two convictions, and in 1935 and in 1952 he was given penitentiary terms for burglary and burglars tools in each case.

Mr. KENNEDY. What was the percentage on his loan?

Mr. WILLSE. Sixty-five percent.

Mr. KENNEDY. How about Harry Segal, known as "Champ" Segal?

Mr. MISHEL. We made a loan to him.

Mr. KENNEDY. Do you remember how much?

Mr. MISHEL. We made several loans to him, and I would say we loaned him a total of between \$15,000 and \$20,000.

Mr. WILLSE. Our only evidence shows a loan in 1949 for \$950, at an interest rate of 136.76 percent.

Mr. KENNEDY. Do you know what his background is? He is one of the most interesting; is he not?

Mr. O'BRIEN. In some respects. He is an undercover fight manager, and right at the present time he is out on bail for that particular crime in New York City, and he is a major underworld figure. He knows practically everybody in the underworld, and the interesting part about his record is that he was arrested for mutiny on the high seas.

It seems that he and some of the racket men from the coast went out on a ship or a yacht and they tried to convince the captain that he should take them down around Mexico some place and he refused, so they overpowered the captain and the crew and they took the ship over themselves.

Mr. KENNEDY. What were his other arrests?

Mr. O'BRIEN. He has been arrested for narcotics, grand larceny, and for murder, conspiracy and vagrancy, and violation of the alcohol tax laws, and he is associated with Frankie Carbo, another fight manager, and Tony Bender, and Thomas Eboli, connected with the cigarette vending machines, and Vito Genovese, who is on trial at the present time in a major narcotics conspiracy in New York.

Mr. KENNEDY. We have some other loans here which I won't bother going into. One of these loans, I notice, has an interest rate at 198 percent.

Mr. WILLSE. Yes. That was placed on four loans in 1949 totaling \$9,400.

Mr. KENNEDY. The lowest rate of interest is about 30 percent, I believe, and it ranges up to 198 percent. I think there is one at 28 percent. It ranges up to 198 percent.

Mr. WILLSE. I believe those are correct figures.

Mr. KENNEDY. From an examination of the records, do we find that the financing for this operation, these loan operations to these major underworld figures, came at least in part from the jukebox operation?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. Would you explain the situation?

Mr. WILLSE. At its inception, Belmont Factors started with a \$90,000 loan from Admiral. Belmont Factors, when it closed operations, its assets and liabilities were assumed by Regal Music Co., Inc., and the jukebox and game machine operating company, to which Belmont was indebted in the amount of \$103,828.41.

Regal Music Co. was the main source from which Belmont Factors, Inc., obtained their funds to give the loans. The Admiral Trading Corp., the other factoring company, was unable to borrow funds from banks since 1954 and now obtains required funds from Regal Music Co., Inc., which does the borrowing from the banks and then lends the money to the Admiral Trading Corp.

Mr. KENNEDY. So there is a direct tie-in between this operation which loaned money to these underworld figures and the jukebox operation that had been set up originally?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And which, in turn, was set up by underworld figures, the jukebox operation itself being set up by these major underworld figures?

Mr. WILLSE. That is correct.

Mr. KENNEDY. And it is one of the biggest operations in New York City presently?

Mr. WILLSE. I understand it is one of the biggest.

Mr. KENNEDY. You also lent money to Mr. Squillante; did you not?

Mr. MISHEL. Some money; not too much.

Mr. KENNEDY. How much?

Mr. MISHEL. A few thousand dollars.

Mr. KENNEDY. Would you show some of those slips to Mr. Mishel, which is the basis for the evidence?

Present them to the chairman first.

(At this point Senator Ervin left the hearing room.)

The CHAIRMAN. Mr. Mishel, the Chair presents to you a number of tickets made out on Regal Amusement Corp. I am unable to identify just what they are, but I will present them to you. I think maybe you are familiar with them. I will ask you to examine them and state what they are.

(The documents were handed to the witness.)

Mr. MISHEL. These are slips for repayment of loans, partial repayments.

The CHAIRMAN. In other words, you would make these loans you talked about, and when they would repay or make a payment on the debt, you would make out a slip like those?

Mr. MISHEL. This is in Charlie's handwriting. Charlie made these slips and sent them to me.

The CHAIRMAN. I mean your company, or someone representing your company, made them out?

Mr. MISHEL. When we collected the money, I would send it down to the office and Charlie, in turn, would send me up slips so that our records wouldn't be different.

The CHAIRMAN. He was your partner and he made out the slip?

Mr. MISHEL. Yes.

The CHAIRMAN. You recognize them and that is what they are?

Mr. MISHEL. That is what they are, Senator.

The CHAIRMAN. That group may be made exhibit No. 43, in bulk.

(Documents referred to were marked "Exhibit No. 43" for reference and may be found in the files of the select committee.)

The CHAIRMAN. That shows your method of handling the accounts when you would receive a payment on a loan?

Mr. MISHEL. Yes, a weekly payment, a monthly payment, and interest, bonus, et cetera.

Mr. KENNEDY. Mr. Chairman, we have thousands of those slips, which are the basis of Mr. Willse's testimony, and which are the basis of corroboration of this witness. These are the slips we have been studying.

The CHAIRMAN. All of the other slips that we have in the file may be made exhibit No. 43A, in bulk. They will just be for reference, all that you have in the file.

Mr. Willse, they may be made an exhibit to your testimony in bulk, exhibit No. 43A.

(Documents referred to were marked "Exhibit No. 43A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, here are examples of other records which show the dates and the times of payment of some of these loans. For instance, you have there the one for Johnny Bananas.

The CHAIRMAN. I hand you here some slips and memorandums in handwriting, in pen, showing the name of John Bananas. It starts off on January 3, 1949, Monday, and it shows the number of payments at different times.

I will ask you to examine these three slips or documents which I hand you, one of them in the name of John Bananas and the other in the name of Little Harry, and the other in the name of Cannon Trucking Co., I believe it is.

I wish you would examine those three and state if you identify them.

(The documents were handed to the witness.)

Mr. MISHEL. Yes.

The CHAIRMAN. What are they?

Mr. MISHEL. These are methods of repayment of a loan. The first one is a loan of \$4,000 to John Bananas, who is David August. It is payable at \$400 a week for 10 weeks and \$600 for the 11th week. Total bonus is \$600. The payments were on January 3, 10, 17, 24, and the 31st.

The CHAIRMAN. Did he pay it all off?

Mr. MISHEL. Yes. Across the face of it I wrote "Paid." This is my handwriting.

The CHAIRMAN. Do you recognize the other two that I have presented to you also?

Mr. MISHEL. Yes, sir.

The CHAIRMAN. They may be made exhibits Nos. 44A, 44B, and 44C. (Documents referred to were marked "Exhibits Nos. 44A, 44B, and 44C" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, I thought that as long as I mentioned the interest rate of 198 percent I would also put the name of the individual who received that loan into the record.

You made a loan to Meyer Goldstein?

Mr. MISHEL. Yes; I did.

Mr. KENNEDY. Do you remember how much money was loaned to him?

Mr. MISHEL. Charlie and I must have loaned Meyer Goldstein anywhere from \$150,000 to \$200,000. We used to lend him money payable \$300 a day, \$500 a day, different loans.

Mr. KENNEDY. What do we find on that?

Mr. WILLSE. The records that we have just indicate four loans in 1949, and they total \$9,200, with the interest rate of 198.36 percent.

Mr. KENNEDY. Who is Meyer Goldstein?

Mr. WILLSE. Meyer Goldstein was a partner of Henry Stromberg, known as Nig Rosen, who is now serving time for Federal narcotics conspiracy. They were partners in a dress company.

Mr. KENNEDY. In New York City?

Mr. WILLSE. Yes. It was located in New York, and I believe that there was a branch in Pennsylvania somewhere.

Mr. KENNEDY. This company, while you were with it, was active in loaning many millions of dollars; is that correct?

Mr. MISHEL. Many, many millions of dollars; yes, sir.

The CHAIRMAN. Do you know what became of your records?

Mr. MISHEL. To what company, sir?

The CHAIRMAN. This company that did all of this lending. We don't have all the records.

Mr. MISHEL. Admiral's records Charlie has.

The CHAIRMAN. I beg your pardon?

Mr. MISHEL. Admiral's records Charlie Bernoff has.

The CHAIRMAN. He is supposed to have all the records?

Mr. MISHEL. He has them.

The CHAIRMAN. All right.

Mr. KENNEDY. Did you receive any instructions about keeping your records?

Mr. MISHEL. The cash business? He told me at the end of the year to tear them up, burn them, because they are dead.

Mr. KENNEDY. That is the shylocking business we have been discussing?

Mr. MISHEL. Yes.

Mr. KENNEDY. You didn't do that?

Mr. MISHEL. Well, I never tear anything up if I can help it.

Mr. KENNEDY. You kept the records?

Mr. MISHEL. That is right.

Mr. KENNEDY. And you made them available?

Mr. MISHEL. I did.

Mr. KENNEDY. At least to the extent that you still had them?

Mr. MISHEL. After your committee told me about Charlie.

Mr. KENNEDY. I would like to call Mr. Bernoff back, please.

The CHAIRMAN. Thank you very much. You may stand aside.

Mr. KENNEDY. Thanks a lot.

The CHAIRMAN. Mr. Bernoff.

TESTIMONY OF CHARLES BERNOFF, ACCOMPANIED BY COUNSEL, JACOB W. FRIEDMAN AND ABRAHAM POLLOCK—Resumed

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You were in the shylocking business, Mr. Bernoff.

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY. Was there any testimony given by the previous witness that was not correct?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

Mr. KENNEDY. You were financing or helping to finance the leading—

Mr. BERNOFF. I respectfully decline to answer on the ground previously stated.

The CHAIRMAN. State your ground.

Mr. BERNOFF. I respectfully decline to answer on the ground I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. Did you testify against this boy Mishel and get him in the penitentiary?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

The CHAIRMAN. You were not running any risk of self-incrimination when you testified against him before?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

Mr. KENNEDY. Mr. Chairman, here are some letters that were written by Mr. Bernoff in connection with some of the loans that have been testified to here. There are some pen notations next to some of the loans, indicating that Mr. Bernoff had full knowledge of what was going on. In addition, we have some of these slips that have been placed in exhibit for reference which are in Mr. Bernoff's handwriting.

The CHAIRMAN. Mr. Bernoff, do you know somebody that you would call "Dear Jay"?

Mr. KENNEDY. Is that your brother?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

The CHAIRMAN. You got concerned about some of your loans, did you?

Mr. BERNOFF. I respectfully decline to answer on the same ground as previously stated.

The CHAIRMAN. I told you to state your ground.

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. I have a photostatic copy of a letter dated December 28, 1950, written on the Regal Music Co., Inc., stationery, New York, and it starts off, "Dear Jay: Our resolutions for the coming year 1951."

It has a lot of handwriting and notations on it.

I will ask you to examine this resolution, or memorandum, or letter, whichever you term it, addressed to "Dear Jay," and state if you identify it.

(Document was handed to the witness.)

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. The letter shown the witness, or memorandum, as it may be, may be made exhibit No. 45.

(Document referred to was marked "Exhibit No. 45" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I will ask you if those pen and ink notations on the letter are in your handwriting.

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. I now present to you—

Mr. KENNEDY. May I read excerpts from this?

The CHAIRMAN. Let me get this one in.

I now present to you an original letter dated September 2, 1949, on Admiral Trading Corp. stationery, addressed to Mr. Irving Mishel, Zenith Associates, and it is signed Admiral Trading Corp. and has the initials C. B., which would correspond to your initials.

I ask you to examine this letter and state if you identify it as the original letter that you wrote.

(Document was handed to the witness.)

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. Let the record show the witness did examine this letter and also the previous document made exhibit 45.

This letter will be made exhibit No. 46.

(Document referred to was marked "Exhibit No. 46" for reference and will be found in the appendix on p. 16939.)

The CHAIRMAN. Are the initials C. B. written in pen and ink above the name the sender—Admiral Trading Corp.—are those initials C. B. your initials, and did you write them?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. Mr. Kennedy, both of these exhibits, exhibits 45 and 46, may be interrogated about to the witness, or you may quote excerpts from them.

Mr. KENNEDY. Mr. Chairman, this first letter, which is exhibit No. 45, sent to "Dear Jay," was found in the possession, or picked up in the possession, of Jacob Bernoff, Jewey Bernoff, when he was arrested for violation of parole, and was turned over to us by the Federal authorities.

The CHAIRMAN. Let me ask the witness this question: Do you want to deny that you are the author of the memorandum that I showed you, of December 26, 1950, now exhibit No. 45, and of the letter of September 2, 1949, now exhibit No. 46? Do you want to deny that you are the author of those documents?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. All right. It probably would.

Proceed, Mr. Kennedy.

Mr. KENNEDY. It says:

Dear Jay:

Our resolutions for the coming year 1951.

Either we take a stand and collect what is due us, or we continue to be good fellows and go broke. And when that happens, I doubt if our so-called good friends would give a damn, so I have made up my mind for the two of us, we are going to clean house and put our affairs in shape as quickly as we can. If we are to go forward in 1951, your cooperation is essential as to the following characters.

Remember, this is to Jay Bernoff, who is a notorious underworld figure, who was involved in the milk extortion racket, who was a member of a most notorious gang of hoodlums in New York City.

The CHAIRMAN. Is that the brother of this witness?

Mr. KENNEDY. That is correct.

If we are to go forward in 1951, your cooperation is essential as to the following characters. You must take a firm position and do not deviate, remember you will be a bad fellow if you ask for your money, if you don't ask, you won't get, if you don't get you will be a nice fellow. The choice is obvious, be a little bad, don't be so nice, it's not appreciated anyway.

I will list those that I want you to take care of, and keep after them, be insistent and listen to no stories. They are all in a position to pay. If they really want to help you, this is the time. Make believe that you were actually coming to them for help and prove to yourself as to what position they will take or how far they would go. This is a good test for loyalty.

No. 1—Ponny. I have stood for about all the nonsense that I can. I want a series of checks so that I don't have to run after him. He is doing pretty well and there's no reason to stand for his insolent insults and abuse.

Then he has on the side—

About \$1,500.

No. 2—Angie. He can well afford to pay (refresh your memory as to this deal). I want a series of checks for this amount. I will not chase after him like a dog. He purports to be your friend; let's see?

That is \$800.

No. 3—Goldstein. Once and for all let's see what kind of cards he is playing with. If he is bluffing, let him sit down like a good boy and arrange to pay. \$10,000—6 percent interest, 2 years.

No. 4—Feur. This one gets my goat, his snappy attitude is one for the books. Nail him to the cross. Get a series of notes or checks for the balance due, so that we don't have to annoy him by calling him. He is very temperamental.

No. 5—Freddie Kaplan. Locate this swindler and needle him till he pays.

The CHAIRMAN. Does that sound familiar to you?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY (reading):

His is living now, let him borrow a little extra for me.

No. 6—Cuppy. This bum keeps ducking, let him borrow from his good friends and pay up. Tell him any story, it's rough, etc., and we need it.

No. 7—Rutkin. He's around, he's in trouble, we're in trouble, also, he knows about B. Z., etc. He should help, let him pay \$100 a week, that should be easy.

Who is "B. Z."?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY. That was Zuckerman, was it not?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY. Here is another one, Mr. Chairman, that we have mentioned.

No. 8—Vogelstein. Here's another weasel. There's about \$2,000 due us from that mail deal. He brought that swindler here, let him pay. Make a definite arrangement with him so that he will pay it weekly, \$2,000.

No. 9—Rosen. There's no reason in God's world why this dead beat won't pay you, of all people. He certainly can afford to pay at least \$60,000 a week or more. Perhaps he can arrange with Lou to get me a series of notes, it would certainly help me a lot. He knows that the plant is doing nothing. The least he could do is to pay something to help along. This I leave to you and his conscience, if he has any. This is one character I would like to see produce for you.

Of course there is Marcus and Freeman, \$9,000 left, including Cuzzo, \$3,600, of which I will keep you informed. Then there's Chick and Baker.

That is Willie Baker, is it not?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

Mr. KENNEDY (reading):

Are we going to let all this good money that we sweated blood for go to hell, not if I can help it. I'll do my share here, you do yours. Pitch in, get in the ball game and let's hit a couple of homers and win a few ball games, it's about time. As to the shop, there's work around. The Bible says, "Seek and ye shall find."

I almost left out our prize—B. Z.—don't take no more crap from him. He is playing a game of cat and mouse with you. You be the cat and let him be the mouse. Let's see what 1951 brings and here's hoping Yonkel Doodle goes to town.

That is what you used to call him, did you not?

Mr. BERNOFF. I respectfully decline to answer on the ground that I sincerely believe my answer may tend to incriminate me.

The CHAIRMAN. The committee will stand in recess——

Mr. KENNEDY. Before we end, Mr. Chairman——

The CHAIRMAN. This statement is authorized by the Chair.

Proceed, Mr. Kennedy.

Mr. KENNEDY. The hearings that have been held have only been held because of the cooperation and assistance that have had from certain State, local, and government officials.

I would like to put their names into the record.

Certainly Frank Hogan once again has been of great help and assistance, as has his office; Mr. Scotti; Police Commissioner Stephen P. Kennedy, who for the last 6 or 8 months has allowed us to use four of his finest police officers, Lieutenant Mooney, Detectives O'Brien, Corrigan, and Joran; and the Brooklyn and Manhattan west detectives; the district attorney in Brooklyn, Mr. Silver, who has been of great assistance, and so has his office; the deputy bureau chief, Mr. Koota; and the assistant district attorney, Mr. Lazarus; the Federal Bureau of Narcotics, Mr. Chairman, and James B. Leggett the chief of detectives of the New York Police Department.

The investigation for New York has been conducted by Mr. Constandy and Mr. Walter May and has been one of the finest investigations that we have seen. Also, this phase of the hearings that we held today was conducted and handled by Mr. Sherman Willse, with the help and assistance of Mr. James Kelly. Mr. Robert Cofini has also been of great help.

The CHAIRMAN. Thank you.

Now, what time can we reconvene for public hearings?

Mr. KENNEDY. A quarter to three.

The CHAIRMAN. We have an executive session this afternoon. It will take about an hour. So we will resume, or undertake to resume, public hearings in this room at 2:45.

The committee will stand in recess until that time.

(Members of the select committee present at the taking of the recess were Senators McClellan and Curtis.)

(Whereupon, at 12:25 p.m., the committee recessed, to reconvene at 2:45 p.m., the same day.)

APPENDIX

EXHIBIT No. 4

STRUCTURE OF DISTRIBUTION

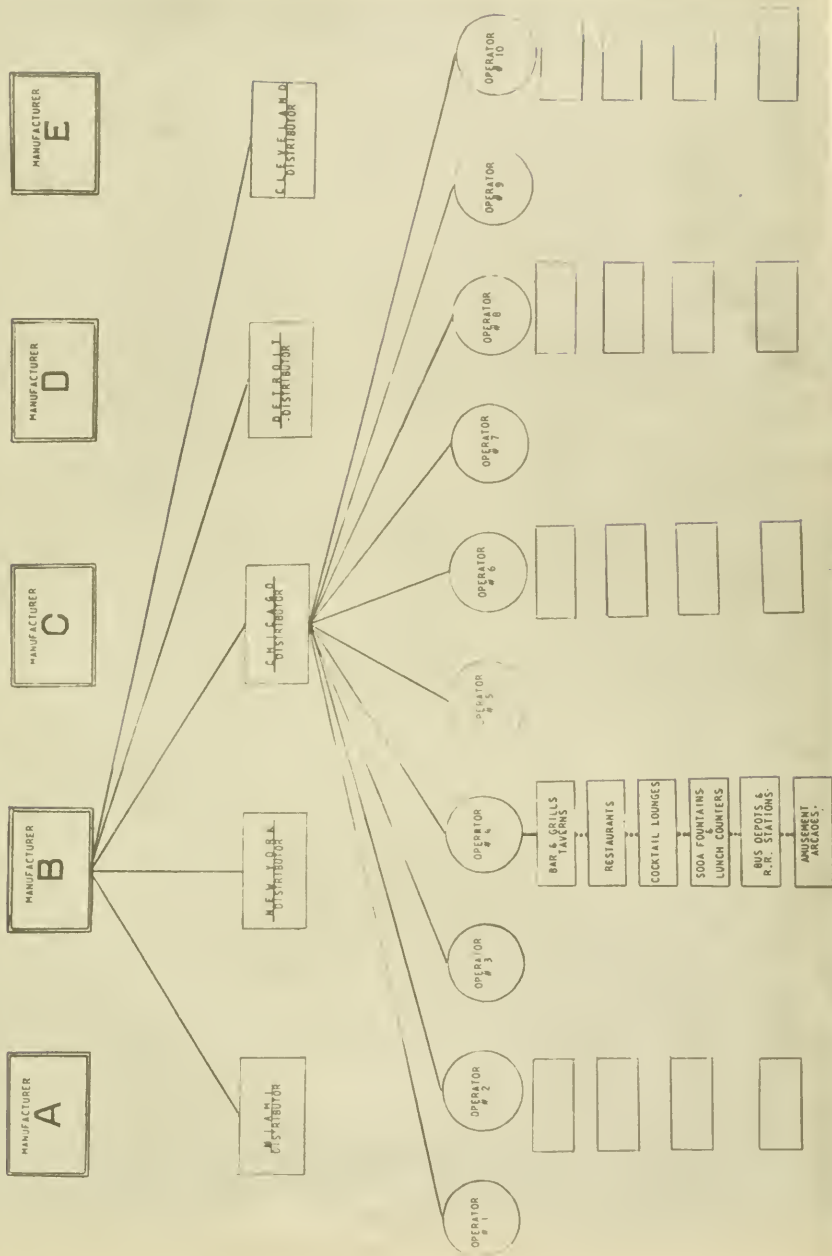


EXHIBIT No. 4A

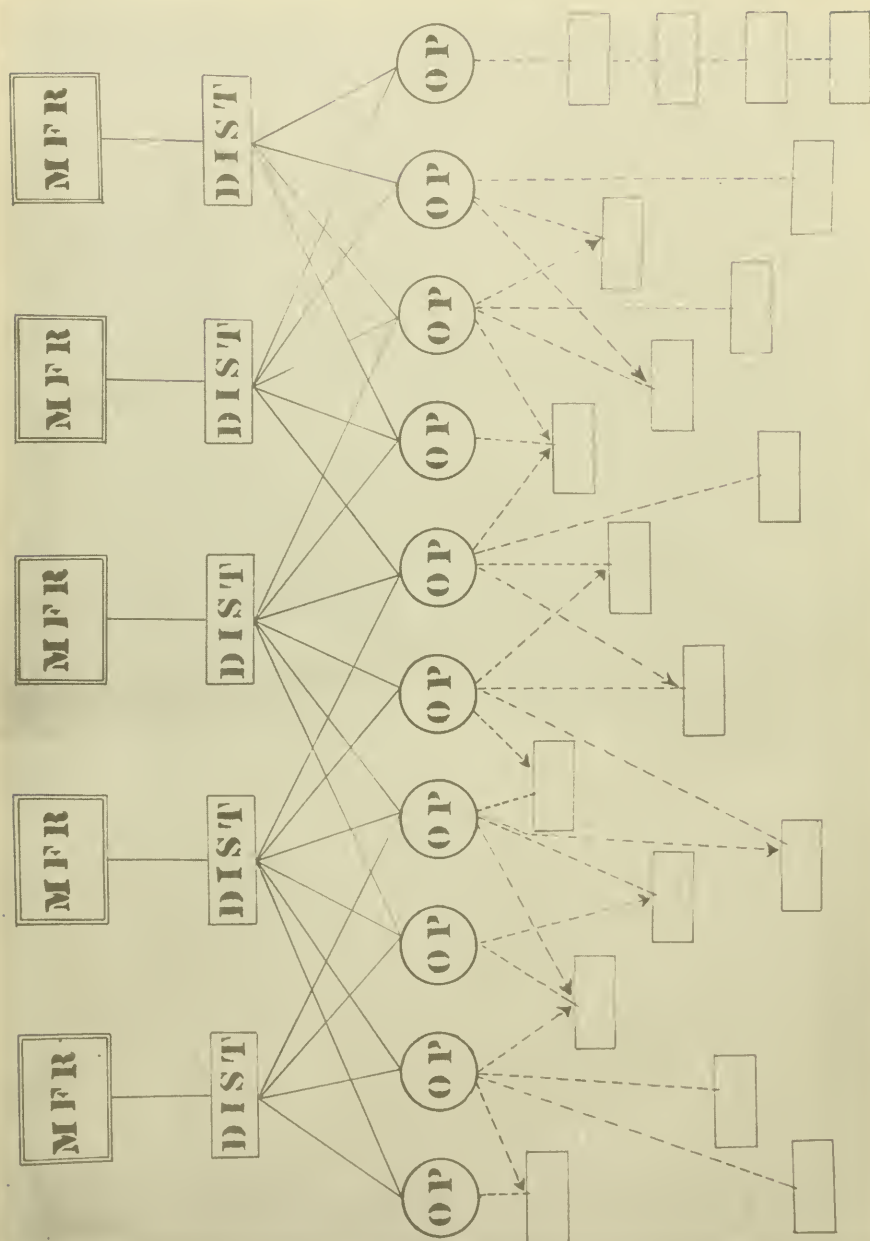


EXHIBIT No. 4B

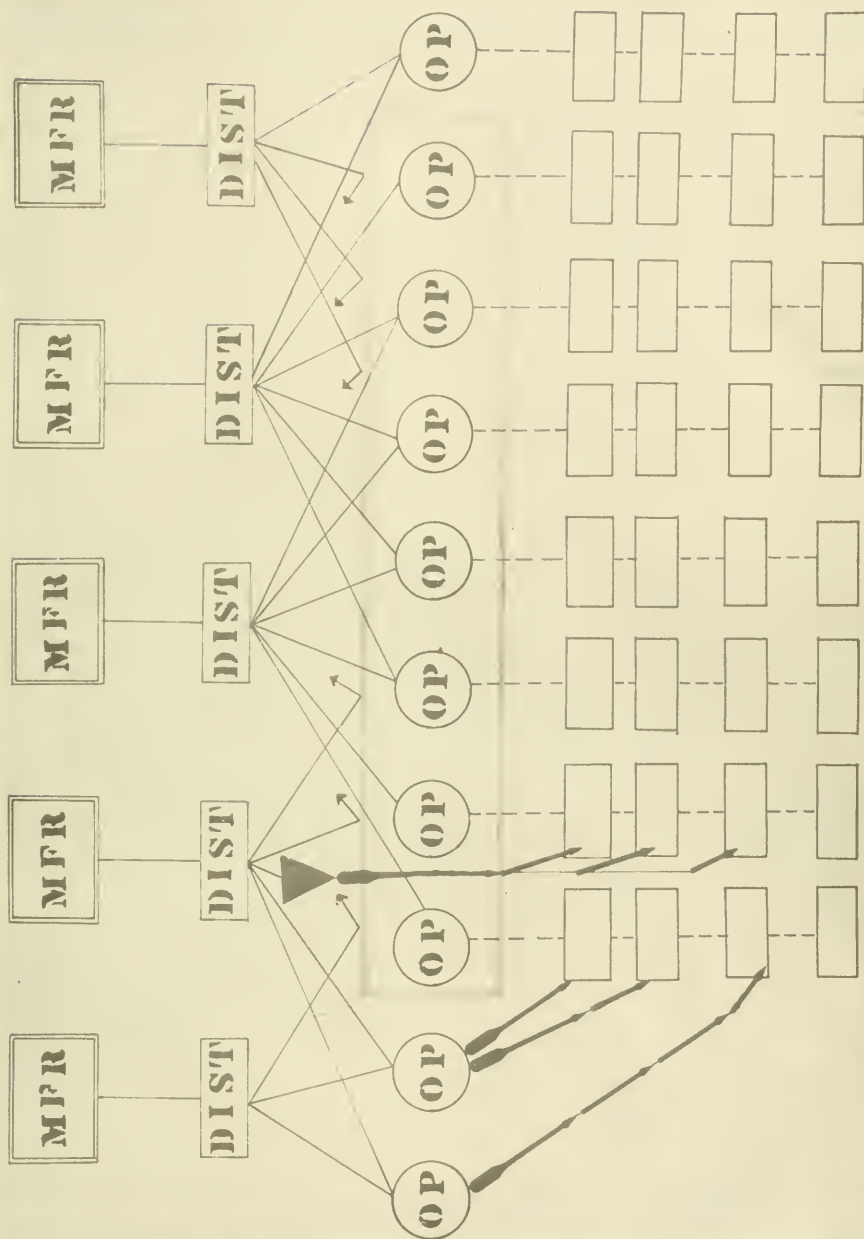


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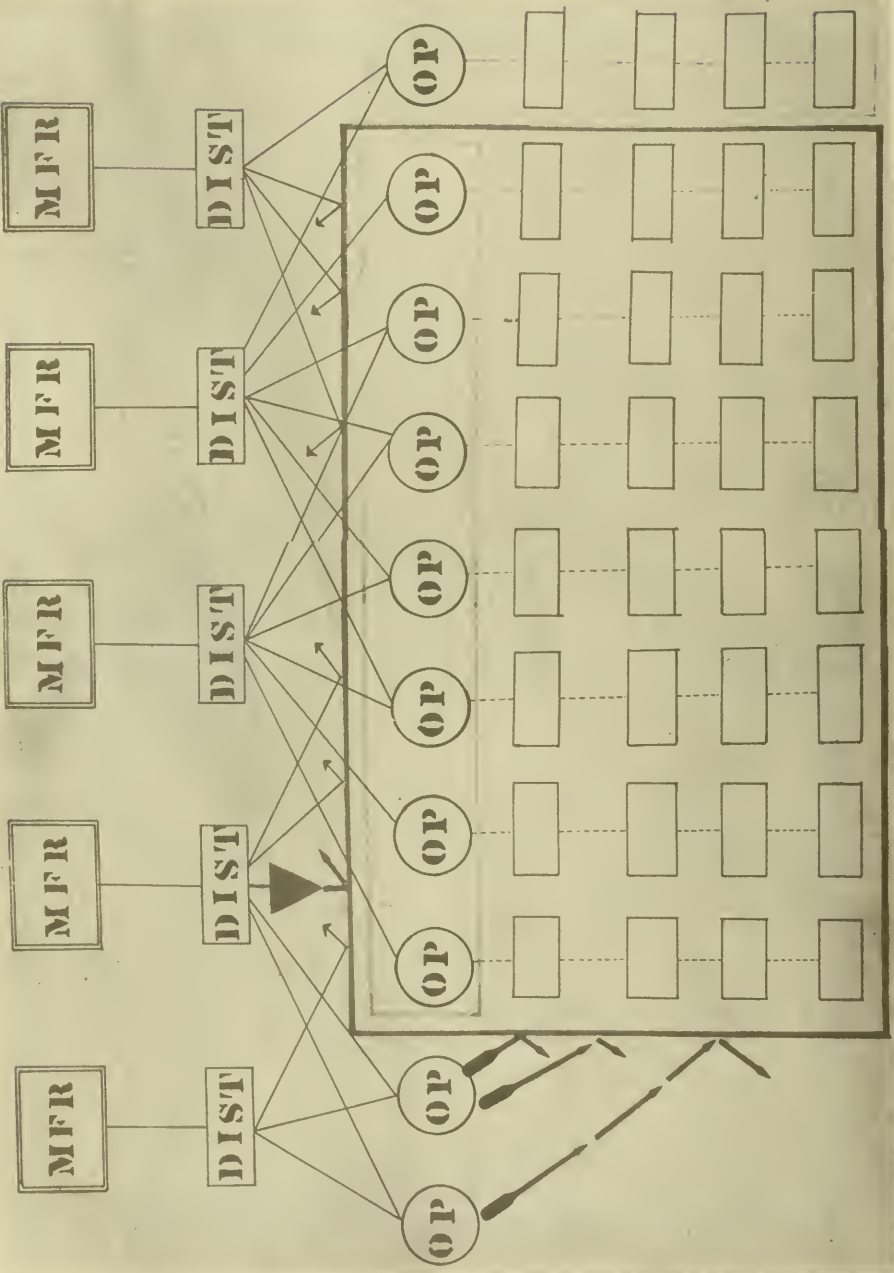


EXHIBIT No. 7

AUTOMATIC PHONOGRAPHS
ROCKOLA WURLITZER DESIGNS

M I

PRINTED | SHOP
SERVICES 1-1666

21

MODERN DISTRIBUTING COMPANY

~~2009 FULTON STREET~~

SPRINGFIELD, ILLINOIS

July 26, 1948

A. M. I. Phonographs
2009 Fulton Street
Chicago 12, Illinois

Dear Mike

We have recieved our charater for a union, for the automatic phonographs' here in Springfield. We have been requested to draw up our own By Laws and Contract, by this Saturday July 31, this is the reason we are writing you at this time. We understand that your union in Chicago, is operating very successfully and would appreciate you sending us a copy of your By Laws so that we may outline ours along these lines as near as possible.

Mike we would like getting this information as soon as possible do to the fact they will install our officers and ask for our By Laws and Contract on the next metting on the above mentioned date.

Your friend

MODERN DISTRIBUTING CO.

Frank Zito
Frank Zito

COPY

July 31, 1948

Mr. Frank Zito
Modern Distributing Co.
225 North 5th Street
Springfield, Illinois

Dear Frank,

I have your request for a copy of our association by-laws. It would have been on its way to you already if I had a copy available. I am now waiting for the return of our last copy which we loaned to some other friends of ours. As soon as I receive it (which should be within the next week) I will immediately send it to you.

With best personal regards.

Sincerely yours,

Michael Spagnola

AUTO. PHONO. DIST. CO.

EXHIBIT No. 7B

September 15th, 1948

Mr. Frank Zito
Modern Distributing Company
225 North 5th Street
Springfield, Illinois

Dear Sir:

Enclosed is a copy of our association by-laws. I am sorry about the delay, but they were our last copy and were just returned to us. We haven't yet had time to make more copies so please return this one when you have finished with it.

If you would like any other information I'll be glad to help you in any way I can.

Best regards.

Sincerely yours,

AUTOMATIC PHONOGRAPH DIST. CO.

Michael Spagnola

MS/VM

February 26, 1951

Mr. W. S. Divinnell
Minneapolis Securities Corp.
1214 Plymouth Building
Minneapolis, Minnesota

Dear Bill:

I appreciate your good intentions in sending me the information you did on Modern Distributing Co. and on Mike Keros. I must confess that we already knew as much, but we also have other knowledge which influenced us to accept the deals. We have personal knowledge of the Zito Brothers, and know their connections, politically and otherwise. I don't expect any more contracts with them but if it should be necessary I know the risk involved would be as good as any we have ever had. The Keros deal involves one more AMI, and the contract will probably be forthcoming this week. The first phonograph was not for his place of business as you might have supposed. Mr. Keros and his son operate a small juke box route in addition to the store. I know the location where one of the phonographs is placed, and the income from that one machine will be more than enough to cover the payments on both contracts.

Sincerely yours,

Automatic Phonograph Dist. Co.

Michael Spagnola

MS/pd

[illegible]

2nd Report
UNITED Brotherhood of Carpenters & Joiners of America
Local # 104 of New York

United Industrial Unions

1 NEVINS STREET • BROOKLYN 17, N. Y.

MAIN 4-0451



August 14, 1957

Mr. Al Cohen
Local 531, UIU
2115 Utica Ave.
Brooklyn, NY

Dear Al:

Pursuant to our conversation at my office, I am exercising my authority as President of the United Industrial Unions, to appoint temporary officers for Local 531.

I am designating Sylvia Goldberg as President and Mr. Al Cohen as Secretary-Treasurer. It is understood that these positions are appointed until your rank and file meeting where permanent officers shall be elected.

Fraternally yours,

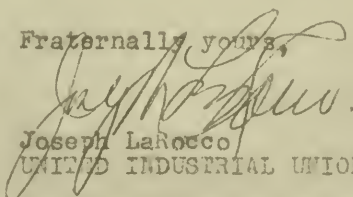

Joseph LaRocco
UNITED INDUSTRIAL UNIONS

EXHIBIT No. 26

Sept 24, 1957

Meeting at Toffe's Restaurant - Malague H. Bldg

Present

Joe James

John Amalfitano

Albert Tedham

John Longo

Hector Harden

We discussed an application for a charter for a local composed of members in the dry cleaning industry, employed as pressers. We agreed such a local would be desirable. We therefore granted a charter for Local 27. A charter was sent out.

There being no further business, we adjourned.

Joe James

EXHIBIT No. 37A

State of New York—Department of Taxation and Finance—Bureau of Motor Vehicles

INFORMATION REQUEST

PRINT OR TYPE all information you have—Check information requested



Name

Albert Gallo

☐ Chauff. Lic. No.☐ Oper. Lic. No.

Address

639 E 4 St Bklyn 18



Date of Birth

Motor Vehicle
Registration No.

3K9463

Year

1958

PRINT

NAME AND ADDRESS
TO WHICH THE
INFORMATION

IS TO BE MAILED



ROBERT J. COFINI
U.S. SENATE SELECT COMMITTEE
ROOM 7W
346 BROADWAY, N.Y., N.Y.

Buck

56 Buick SDN

Leave This Space For Answer

REAR BLIND

No Fee

EXHIBIT No. 37B

TWINING 9-6677

**STATION "M" Inc.**99-51 HORACE HARDING BLVD.
REGO PARK 74, N. Y.

PETER M. MARGULES

EXHIBIT No. 46

★ ★ ★ ★ ★

Admiral Trading Corporation

127 AVENUE D - ALBANY 4-2232 - NEW YORK 9, N. Y.

Sept 2, 1949.

Mr. Irving Mishel,
Zenith Associates,
570 - 7th Ave.,
New York City.

Dear Mr. Mishel:

The following three accounts dont look as if they are collectable. Therefore, I am charging these (3) off as "bad debts". If they are collected in the future I will credit your account of 20% of any receipts. They are as follows:

Petey Mack.....	\$10,595.00
Spunky	700.00
Milton Kay.....	310.00

Total.. \$11,605.00

The present losses up to date are \$43,940.00. To be added to this sum is \$11,605.00. This makes a total of \$55,545.00 as bad debts up to date.

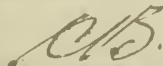
Up to \$50,000.00, after deducting Joseph Paige's share of 20%, your share comes to 25% of the balance. Now that the amount has exceeded \$50,000.00, Joseph Paige's share is reduced to 10%, and you will be charged 25% after deducting 10% of any future losses. Your share of this will now come to as follows.:

(A) On the balance up to \$50,000.00 is \$6,060.00, your share 20% equals \$1,212.00.

(B) On the balance which is \$5545.00, 10% for Paige's equals \$554.00. The balance of \$4991.00 which 25% for I.M. is \$1247.75 or a total of \$2459.75, divided over 6 months comes to \$410.00 each note.

As it stands now, you owe me \$625.00 plus this \$410.00 which is now being added, making that \$1035.00, or \$35.00 due me each month. Any monies which I am receiving from Ben Zuckerman and Alert, at present, I shall credit your account and send you a check each month to keep the records straight.

Very truly yours,


ADMIRAL TRADING CORP.

CB/1bl

X

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